



8:00 A.M. OPERATIONS CENTER - 1200 SOUTH GENE AUTRY TRAIL – PALM SPRINGS – CALIFORNIA

Pursuant to the Governor's Executive Order N-29-20, there will be no public location for attending in person. Members of the public who wish to participate may do so by calling in at:

**Toll Free: (866) 899-4679
Access Code: 328-477-853**

or Via Computer:

<https://www.gotomeeting.com/meeting/join-meeting>

9 digit Meeting ID: 328477853

Members of the public who wish to comment on any item within the jurisdiction of the Agency or any item on the agenda should submit comments by emailing sbaca@dwa.org before 5:00 p.m. November 2. Comments will become part of the Board meeting record. Board members and staff will be participating in this meeting via teleconference.

****In order to reduce feedback, please mute your audio when you are not speaking.***

1. **CALL TO ORDER/PLEDGE OF ALLEGIANCE** **STUART**
2. **ROLL CALL** **BACA**
3. **APPROVAL OF MINUTES -** October 20, 2020 **STUART**
4. **GENERAL MANAGER'S REPORT** **KRAUSE**
5. **COMMITTEE REPORTS –**
 - A. Conservation & Public Affairs – October 22, 2020 **STUART**
 - B. Executive - October 29, 2020 **STUART**
6. **PUBLIC COMMENT:** Members of the public may comment on any item not listed on the agenda, but within the jurisdiction of the Agency. In addition, members of the public may speak on any item listed on the agenda as that item comes up for consideration. Speakers are requested to keep their comments to no more than three (3) minutes. As provided in the Brown Act, the Board is prohibited from acting on items not listed on the agenda.
7. **ACTION ITEMS**
 - A. Request Adoption of Resolution No. 1243 Authorizing Amendments to the Agency's Long Term Water Supply Contract with the Department of Water Resources and Making Responsible Agency Findings Pursuant to the California Environmental Quality Act (CEQA) and Adopting CEQA Findings and Statement of Overriding Considerations. **KRAUSE**
 - B. Request Authorization to Participate in 2020-2021 USGS Cooperative Water Resources Program **JOHNSON**
 - C. Request Authorization for the General Manager to Execute an Agreement Between Ernst & Young, LLP, for the Assessment of the East Branch Enlargement and Improvement Allocation Percentages Used in the East Branch Enlargement Calculation of Cost. **KRAUSE**
8. **DISCUSSION ITEMS**
 - A. Legislative Report **REEB**
 - B. Outreach & Conservation – Activities and Events (October) **METZGER**
 - C. State Water Contractors' Meeting – October 15, 2020 **RIDDELL**
 - D. Director's Report on Urban Water Institute Virtual Meeting – October 21, 2020 **BLOOMER, CIOFFI, STUART**

9. DIRECTORS COMMENTS/REQUESTS

10. CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9 (d) (1)

Name of Case: Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al
(Two Cases)

B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9 (d) (1)

Name of Case: Mission Springs Water District vs. Desert Water Agency

C. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9 (d) (1)

Name of Case: Albrecht et al vs. County of Riverside

D. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9 (d) (1)

Name of Case: Abbey et al vs. County of Riverside

E. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9 (d) (1)

Bonnie Kessner, et al vs. Desert Water Agency, et al

F. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION

Pursuant to Government Code Section 54956.9 (d) (2)

Possible Intervention in Case: AT&T vs. County of Riverside

G. CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION

Pursuant to Government Code Section 54956.9 (d) (2)

(One Case)

11. RECONVENE INTO OPEN SESSION – REPORT FROM CLOSED SESSION

12. ADJOURN

**MINUTES
OF THE REGULAR MEETING
OF THE
DESERT WATER AGENCY
BOARD OF DIRECTORS**

3

October 20, 2020

DWA Board via Joseph K. Stuart, President)
Teleconference: Kristin Bloomer, Vice President)
Craig Ewing, Secretary-Treasurer)
Patricia G. Oygar, Director)
James Cioffi, Director)

DWA Staff via Mark S. Krause, General Manager)
Teleconference: Steve Johnson, Assistant General Manager)
Esther Saenz, Finance Director)
Sylvia Baca, Asst. Secretary of the Board)
Kris Hopping, Human Resources Director)
Ashley Metzger, Outreach & Conserv. Mgr.)

Consultants via Michael T. Riddell, Best Best & Krieger)
Teleconference:

Public via Ray Amico, Palm Springs Resident)
Teleconference: Randy Duncan, Mission Sprigs Water District)
David Freedman, Palm Springs Sustainability)
Commission)
Steve Grasha, Mission Springs Water District)
Paul Ortega, Palm Springs Resident)
Margaret Park, Agua Caliente Band)
of Cahuilla Indians)

18918. President Stuart opened the meeting at 8:00 a.m. and asked everyone to join him in the Pledge of Allegiance. **Pledge of Allegiance**

18919. President Stuart called upon Assistant Secretary of the Board Baca to conduct the roll call: **Roll Call**

Present: Cioffi, Oygar, Ewing, Bloomer, Stuart

18920. President Stuart called for approval of the September 24, 2020 Special Board Meeting Minutes. **Approval of 09/24//20
Special Board Mtg.
Minutes**

Director Cioffi noted a correction on Page 9209, paragraph 18898, to change wording from “people choose” to “the Tribe chose”.

Director Cioffi moved for approval, noting the correction. After a second by Director Oygar, the minutes were approved by the following roll call vote:

**Approval of 09/24//20
Special Board Mtg.
Minutes
(Cont.)**

AYES: Cioffi, Oygar, Ewing, Bloomer, Stuart
NOES: None
ABSENT: None
ABSTAIN: None

18921. President Stuart called for approval of the October 6, 2020 Regular Board Meeting Minutes.

**Approval of 10/06/20
Regular Board Mtg.
Minutes**

Secretary-Treasurer Ewing moved for approval. After a second by Director Oygar, the minutes were approved by the following roll call vote:

AYES: Cioffi, Oygar, Ewing, Bloomer, Stuart
NOES: None
ABSENT: None
ABSTAIN: None

18922. President Stuart called upon General Manager Krause to provide an update on Agency operations.

**General Manager's
Report**

Mr. Krause provided an update on Agency operations and noted his meetings and activities for the past several weeks.

18923. President Stuart noted the minutes for the October 15, 2020 Executive Committee meeting were provided in the Board's packet.

**Committee Reports
Executive 10/15/20**

18924. President Stuart opened the meeting for public comment.

Public Comment

Mr. Freedman provided an update on the Palm Springs Airport Demonstration Garden and the turf conversion. He thanked Board and Staff for moving the project forward and noted he will keep the Agency updated.

David Freedman

Mr. Amico thanked DWA staff for the presentation at the September 24 Special Board Meeting. He expressed support for Coachella Valley Water District on their recent grant funding for clean reliable water to the disadvantage communities in the Eastern Valley.

Ray Amico

Mr. Ortega stated his knowledge regarding the Agency is increasing while attending the Board meetings noting he wasn't aware there were different rates for White Water River irrigation. He noted his interest in the September Water Use Production Figures Report and the new way of reporting.

Paul Ortega

There being no one else from the public wishing to address the Board, President Stuart closed the public comment period.

Public Comment
(Cont.)

18925. President Stuart called upon Secretary-Treasurer Ewing to present an overview of financial activities for the month of September 2020.

Secretary-Treasurer's
Report (September)

Operating Fund

Secretary-Treasurer Ewing reported that the Operating Fund received \$3,768,761 in Water Sales Revenue, \$150,183 in Reclamation Sales Revenue, \$346 from SCE for Snow Creek Hydro Power sales in August, \$49,164 in Construction Deposits, and \$138,050 in Miscellaneous from the sale of two DWA land parcels. \$2,625,829 was paid out in Accounts Payable. Year-to-date Water Sales are 7% over budget, Year-to-date Total Revenues are 7% over budget; and Year-to-date Total Expenses are 12% under budget. There were a total of 22,930 active services as of September 30, compared to 22,882 active services as of August 31.

Reporting on the General Fund, Mr. Ewing stated that \$2,037 was received in Groundwater Assessments from private pumpers. \$2,200,140 was paid in State Water Project charges (YTD \$6,946,255).

General Fund

Reporting on the Wastewater Fund, Mr. Ewing reported \$209 was received in Sewer Contract payments. There are a total of 4 Sewer Contracts, 0 paid in full, with total delinquents of 3 (75%) with \$1,002 principal payments remaining. \$254,578 was paid out in Accounts Payable.

Wastewater Fund

18926. President Stuart called upon General Manager Krause to Request Authorization to Increase the Whitewater River Irrigation (WWI) Water Supply Rate.

Items for Action:
Request Authorization
to Increase the
Whitewater River
Irrigation Water
Supply Rate

Mr. Krause reported that Staff has completed a cost of service analysis for its delivery of WWI water supply. The Agency must recover its costs incurred and in order to do this the cost must be increased from \$0.83/hcf (hundred cubic feet) to \$1.20/hcf, a 44.6% adjustment. At present, the Tribe is the Agency's largest customer followed by Whitewater Rock and Supply Co. Inc. He explained that in accordance with the Agency's agreement with Whitewater Rock and Supply Co., Inc., a notice will be sent notifying them of the adjusted rate. Letter agreements have been prepared for the Tribe and Caltrans to inform them of the proposed adjusted rate along with a copy of the Agency's calculation of the rate for diversion and delivery of the WWI water supply. Staff requests authorization to adjust the Whitewater River Irrigation water supply rate to \$1.20 per hcf to recover its costs incurred in providing this water supply to its customers effective January 4, 2021.

In response to Secretary-Treasurer Ewing, Mr. Riddell stated that this water supply rate increase is not subject to Proposition 218 procedures due to the small number of customers and also having a signed

Legal Counsel Riddell

agreement. He notes that the Agency needs to recoup its costs for water delivery.

Items for Action:

(Cont.)

Request Authorization
to Increase the
Whitewater River
Irrigation Water
Supply Rate

Director Oygar moved for approval. After a second by Director Cioffi, the minutes were approved by the following roll call vote:

AYES: Cioffi, Oygar, Ewing, Bloomer, Stuart
NOES: None
ABSENT: None
ABSTAIN: None

18927. President Stuart called upon Outreach & Conservation Manager Metzger to provide a report on the September Water Use Reduction Figures.

Discussion Items:

September Water Use
Reduction Figures

Mrs. Metzger reported that the Agency and its customers achieved an 8% reduction in potable water production during September 2020 compared to the same month in 2013. She noted that September is the first month's data that will be provided to the state under its new non-emergency authority to collect monthly water production figures explaining that the production figures are those from each well and stream source where water goes into the distribution potable system. This change adds system losses (leakage, theft etc.) to the calculation of the water "used or consumed".

In response to President Stuart, Mr. Johnson stated that the Agency is trying to identify the contractor who was stealing water for a project. President Stuart requested the identity of the contractor and any follow up information when available.

18928. President Stuart called upon Outreach & Conservation Manager Metzger to provide an update on Federal Emergency Management Agency (FEMA) Funding.

FEMA Funding Update

Mrs. Metzger reported that staff has been working closely with FEMA regarding the 2019 Valentine's Day flood. The Agency has been working to obtain reimbursement for its flood damage remediation at Snow Creek (intake and bridge repairs) for \$216,243.60, and Cathedral Canyon Drive (sewer line response and repairs) for \$54,412.38, . She stated that these projects have already been completed and the Agency is waiting final FEMA determination regarding all of the submitted costs. In addition, Mrs. Metzger reported the Agency is also positioned to get reimbursement for work that has yet to be done to repair damages at Falls Creek (intake and low water crossing) for \$250,600, Chino Creek North (intake) for \$236,768, and Whitewater Irrigation (pump headworks) for \$56,000. She noted the actual project costs may vary from the Engineer's estimates and that FEMA reimburses applicants for 75% of eligible project costs. Mrs. Metzger explained that the Agency has also coordinated with the California Office of Emergency Services (CalOES) and they indicated that of the remaining 25%

of the project cost not funded by FEMA, the State would likely pick up 75% of the remaining costs for the above projects noting this would leave the Agency with a 6.25% cost share. If the estimates hold true and FEMA and CalOES determine all costs submitted are eligible, the Agency can expect to pay about \$50,875 to complete roughly \$814,000 in repair and hardening projects.

Discussion Items:
(Cont.)
FEMA Funding Update

Mrs. Metzger reported that staff is also working with CalOES and FEMA on the COVID-19 declared disaster (4482-DR) to solicit reimbursement for money spent on personal protective equipment, disinfection services, emergency health signage, telecommuting supplies, legal fees and payment processing fees. Based on the guidelines from CalOES, the Agency does not expect FEMA to accept many of these charges. Concluding her report Mrs. Metzger stated staff will return to the Board with updates on both FEMA requests as key milestones are met.

18929. President Stuart called upon Finance Director Saenz to provide a report on the COVID-19 Financial Impact Update.

COVID-19 Financial
Impact Update

Mrs. Saenz noted that there have been no substantial changes since the last report. She reported to date, the Agency has experienced lost revenues of \$344,600 and a net decrease in expenses of \$37,100, totaling a net impact of \$307,500 when compared to pre COVID-19 anticipated revenue and expenses. She stated that the Agency will continue to monitor the ongoing revenue losses and expenses related to COVID-19 and will provide ongoing updates to the Board.

18930. President Stuart called upon Assistant General Manager Johnson to present an update on the Memorandum of Understanding (MOU) with Golden State Renewable Energy (GSRE).

MOU with Golden
State Renewable
Energy Update

Mr. Johnson reported that after performing a thorough design review for Well 17 and Acanto Booster, Golden State Renewable Energy (GSRE) engineers are proposing the same battery equipment and configuration at both sites. According to GSRE, the cost to have the battery system designed and installed at each site is \$562,800 per site.

Mr. Johnson stated that if the Agency wanted to install a stationary diesel generator at each site, the estimated cost is \$103,000 per site noting the generators will only operate during a power outage and will not operate during peak electrical demand. He stated that the generators will be able to operate for several hours and can continue to run by refueling. They will, however, be limited to operating 200 hours per year, unless there is an emergency. He reported that the generators will also require monthly maintenance at an estimated cost of \$13,450 per year. He then asked for direction from the Board on moving forward.

In response to Director Cioffi, Mr. Krause explained the Agency does not need a generator at each site.

Discussion Items:
(Cont.)
MOU with Golden
State Renewable
Energy Update

In response to Director Cioffi, Mr. Johnson stated GSRE will monitor the sites for 15 years, the life of the program.

In response to Director Oygar, Mr. Johnson explained the State has to approve the application and the funds have to be in the State's coffers. If the State does not approve the application or less than \$1-million dollars is not in the coffers, then the program would dissolve and GSRE would receive their deposit money back. He explained if in the future due to technology and as upgrades become available, the Agency will need to pay for them.

Secretary-Treasurer Ewing expressed his support of the MOU and long-term emergency plan for generators.

Vice President Bloomer also expressed her support moving forward with the MOU.

In response to President Stuart, Mr. Johnson stated the Agency is receiving \$247,126 in materials per site. GSRE will conduct the monitoring and submitting the reports to the State for review.

In response to President Stuart, Mr. Krause stated he is comfortable moving forward. If the Agency were to do this on its own, it would incur costs for engineering, putting it out to public bid and the need to find a consultant who does this kind of work.

In response to President Stuart, Mr. Johnson agreed with Mr. Krause in moving forward. He did note that the Palm Oasis area has quite a few power outages due to the wind and it would save from having staff to go out to reset the facilities.

The Board concurred to move forward without delay.

18931. At 10:00 a.m., President Stuart convened into a Teleconference Closed Session for the purpose of Conference with Legal Counsel, (A) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al (2 Cases); (B) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Mission Springs Water District vs. Desert Water Agency; (C) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Albrecht et al vs. County of Riverside; (D) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Abbey et al vs. County of Riverside; (E) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1) Bonnie Kessner, et al vs. Desert Water Agency, et al;

Closed Session:

A. Existing Litigation – ACBCI vs. CVWD, et al. (2 Cases)
B. Existing Litigation – MSWD vs. DWA
C. Existing Litigation – Albrecht et al vs. Riverside County
D. Existing Litigation – Abbey et al vs. Riverside County
E. Existing Litigation- Bonnie Kessner, et al vs. Desert Water Agency et al

(F) Pending Litigation, Pursuant to Government Code Section 54956.9 (d) (2), Possible Intervention in Case: AT&T vs. County of Riverside, and, (G) Potential Litigation, Pursuant to Government Code Section 54956.9 (d) (2) (1 Case).

Closed Session:
(Cont.)

F. Pending Litigation -
Possible Intervention in
Case: AT&T vs.
County of Riverside
G. Potential Litigation-
(1 Case)

18932. At 11:08 a.m., General Manager Krause reconvened the meeting into open session and announced there was no reportable action taken.

Reconvene – No
Reportable Action

18933. In the absence of any further business, General Manager Krause adjourned the meeting at 11:09 a.m.

Adjournment

Sylvia Baca
Assistant Secretary of the Board

GENERAL MANAGER'S REPORT NOVEMBER 3, 2020

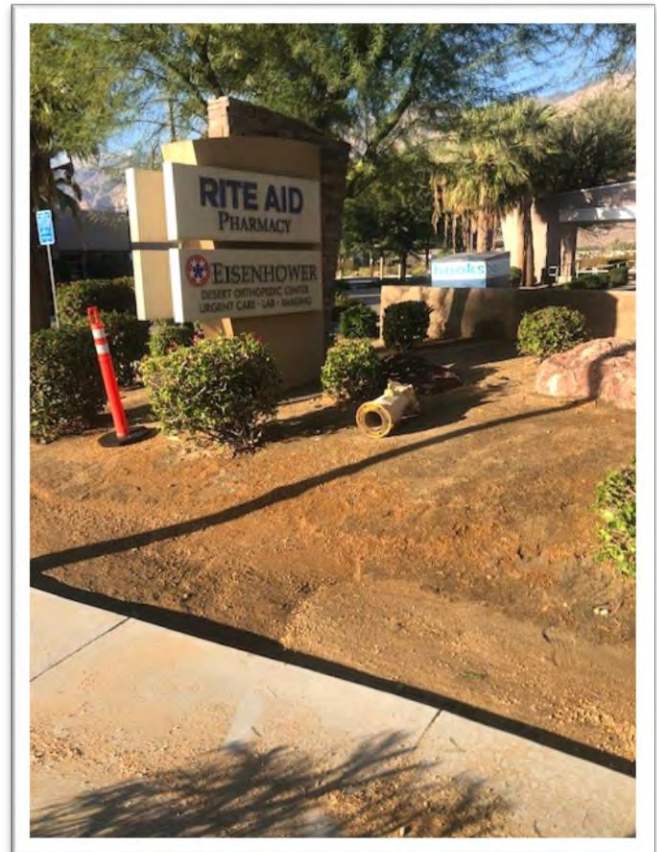
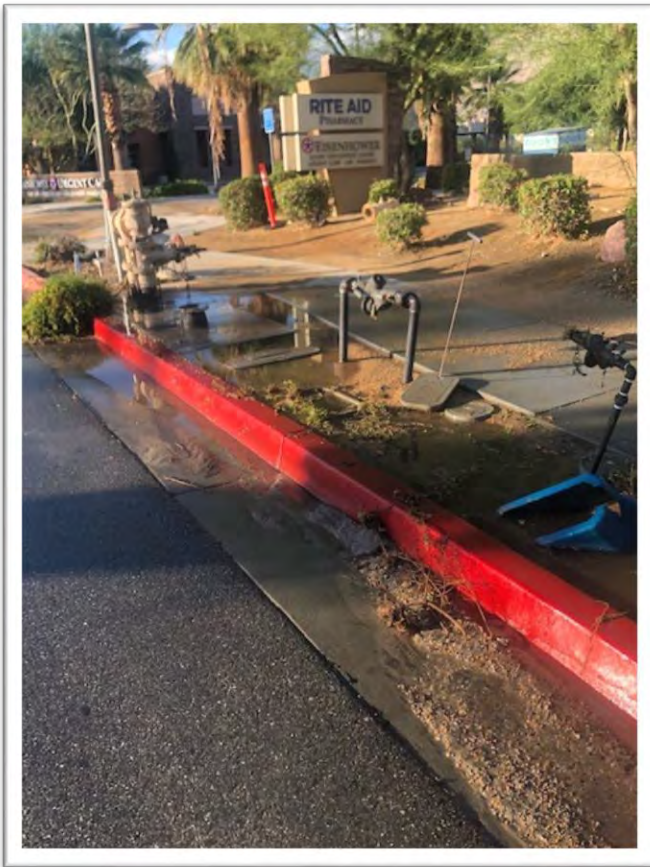
Damaged Backflow – Civic Drive

On October 22 at approximately 1:00 a.m., Construction stand-by responded to a hit backflow on the east side of S. Civic Drive, south of Tahquitz Canyon Way. This location is south of the County building driveway, off of Civic Drive (City property). The City has been notified and are making arrangements to get this repaired. They were also advised to file a police report. The waster loss was metered.

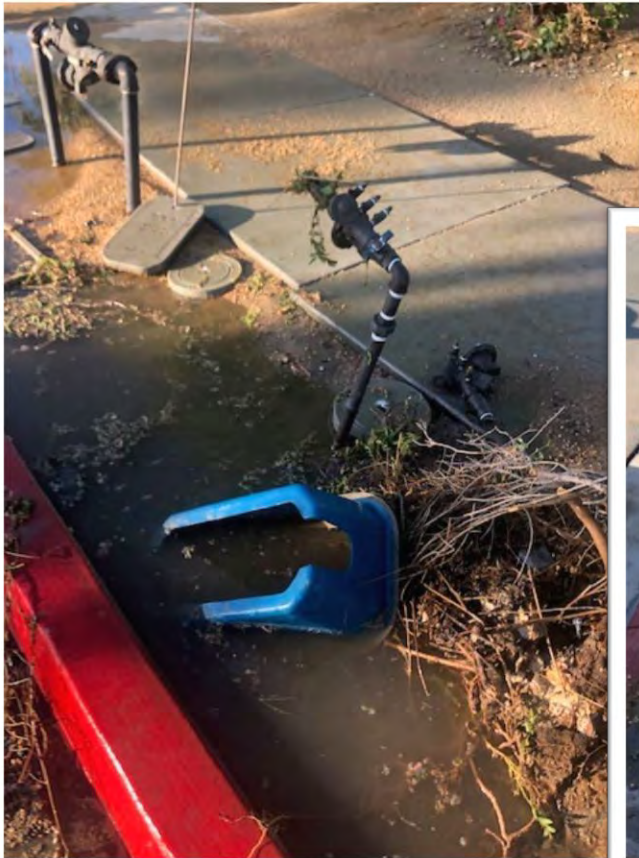


Damaged Fire Hydrant/Fire Services/Backflows (Rite Aid, Sunrise Way)

On October 25 at approximately 8:40 a.m. Construction stand-by responded to a hit fire hydrant, fire services and two backflows on the west side of Sunrise Way, in front of Rite Aid. One of the backflows was for city irrigation and the other for Rite Aid irrigation. The fire service has damage to one of the OS&Y valve but is still in service. The fire hydrant had to be replaced and chlorinated and was put back into service on October 28. As for the backflows and fire service, Rite Aid has requested that the Agency do the repairs. The water loss was from a fully open 6-inch fire hydrant bury which ran for approximately 45 minutes. The fire hydrant was off when staff arrived but the service was still running.

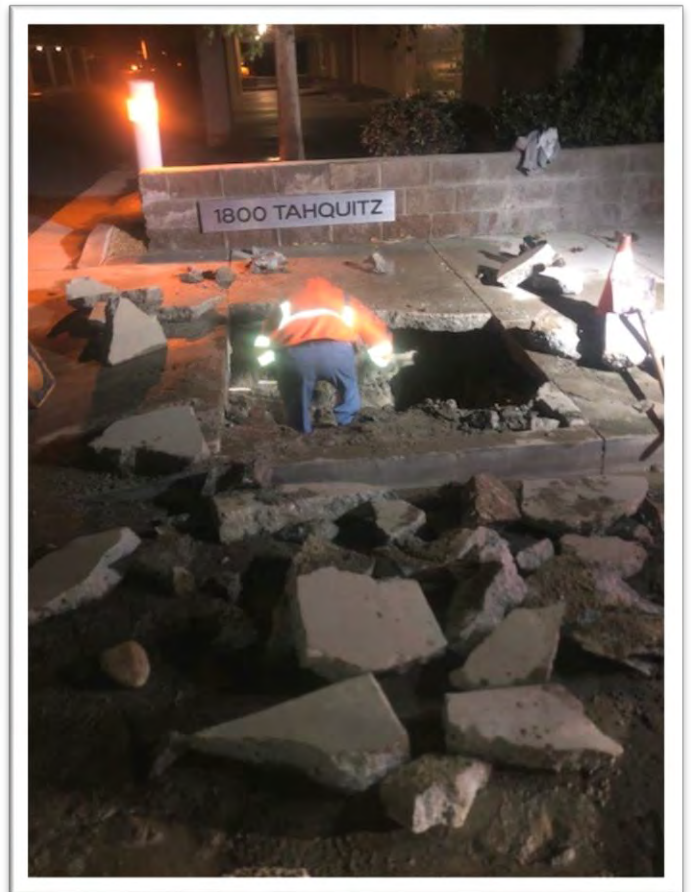
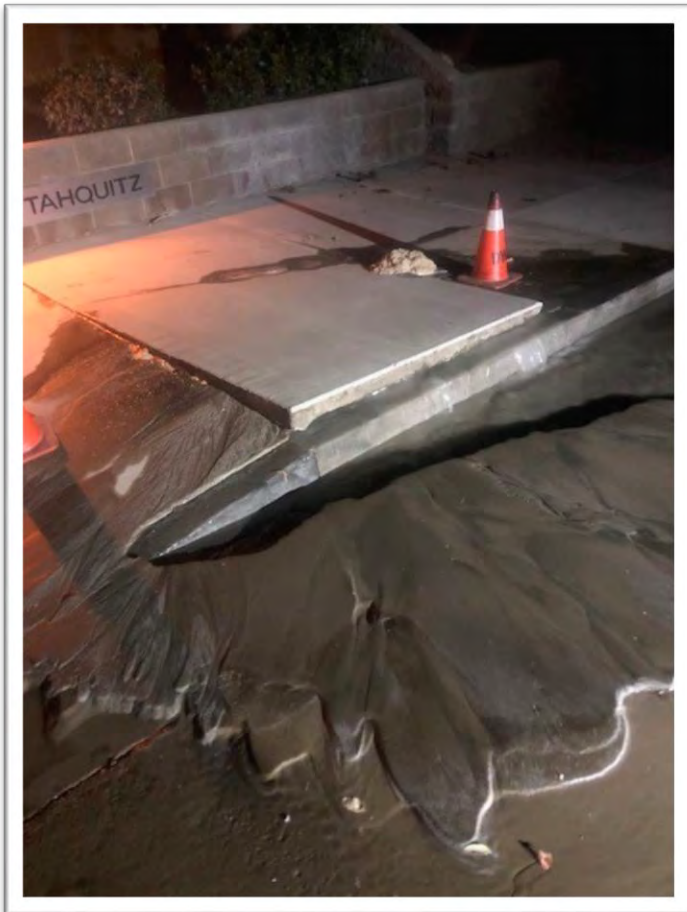


Damaged Fire Hydrant/Fire Services/Backflows (Rite Aid, Sunrise Way)
(Cont.d)



Leak on Luring Drive between Tahquitz Canyon Way and Andreas Rd.

On October 27 at approximately 2:45 a.m. Construction stand-by responded to a 4-inch water main leak on the east side of Luring Dr. between Tahquitz Canyon Way and Andreas Rd. The water main runs under the sidewalk and had lifted up and undermined multiple panels of the sidewalk. There were two leaks, one with a 1-inch diameter hole and the other a 3/4-inch diameter hole. Staff throttled down the water main to make repairs. There was a lot of clean up on Luring Dr. down the north side of Tahquitz Canyon Way to Farrell Dr., south on Farrell Dr. down to Ramon Rd.



Second Leak on Luring Drive between Tahquitz Canyon Way and Andreas Rd.

On October 27 at approximately 10:20 a.m. Construction responded to a second leak of a 4-inch water main on the east side of Luring Dr. between Tahquitz Canyon Way and Andreas Rd. It was one leak with a hole of 3/4-inch in diameter. The leak lifted and undermined multiple sidewalk panels. This added to the clean up on Luring Dr. down of Tahquitz Canyon Way to Farrell Dr., south on Farrell Dr. down to Ramon Rd.



Update Regarding Unauthorized Water Use at 979 San Lorenzo

At the September 1, 2020 Board Meeting, staff reported on an unauthorized water connection at 979 San Lorenzo in Palm Springs. Since that meeting, staff was able to contact the contractor working at the site and was informed that the connection was installed by the previous contractor that was hired by the property owner in 2019. The current contractor accepted responsibility for the unauthorized connection by paying the unauthorized water connection charge and promptly purchased a meter to obtain an authorized water service connection. With some help from the City of Palm Springs, and a local fire sprinkler contractor, staff was able to track down the name of the previous contractor and has discovered that the contractor is no longer in business. According to the Contractors State License Board, the license was cancelled and there are several outstanding complaints on record, to include Departed from trade standards, violation of building laws – no permit, and failed to pay for materials or services.

SWP Delivery and Whitewater Hydro Generation Update

As of October 27, 2020, it is estimated that approximately 59,800 AF of water has been delivered to the Whitewater River Recharge Facilities (WWRF). WWRF deliveries are scheduled to continue through the end of the year.

For 2020 at Mission Creek Recharge Facilities (MCRF), a total of 1,768 AF was delivered to the Facility. This is about 4.5% of the total Table A amount that is scheduled for this year. No more water deliveries are anticipated for MCRF.

For the month of September, Whitewater Hydro Plant generated about 187,640 kWh, resulting in a SCE settlement amount of \$17,803.

Wildcat Battery Storage Project Update

The following report outlines the current project status for the battery storage project located on the Agency's Dinah Shore Drive property, leased by Wildcat Energy Storage LLC:

- Underground conduits are substantially complete
- Foundations for all major equipment are nearing completion
- The trenching & conduit installation within Dinah Shore is complete. SCE will mobilize in December to pull and terminate cable.
- Delivering and setting of the major equipment scheduled for first two weeks of November
- System scheduled to be energized in mid-December
- Testing and commissioning scheduled to occur in January 2021
- Operation of system likely to begin in late January or early February 2021
- The permanent perimeter wall and gate are scheduled to be installed in February/March, with landscaping after the wall and gate installation



Photo of inverters (white), transformers (light gray), and switchgear (darker gray)

SYSTEM LEAK DATA					
(PERIOD BEGINNING OCTOBER 13, 2020 THRU OCTOBER 26, 2020)					
STREET NAME	NUMBER OF LEAKS	PIPE DIAMETER (INCHES)	YEAR INSTALLED	PIPE MATERIAL	PIPE CONSTRUCTION
PASEO CAROLETA	3	6	1958	STEEL	BARE/UNLINED
LINDSEY DR	2	6	1957	STEEL	BARE/UNLINED
CAMINO PAROCOLA	2	4	1946	STEEL	BARE/UNLINED
VIA ALTAMIRA	2	4	1954	STEEL	BARE/UNLINED
AVENIDA CABALLEROS	1	14	1953	STEEL	BARE/UNLINED
ALEJO RD	1	12	1960	STEEL	CML
INDIAN CANYON DR	1	8	1938	STEEL	BARE/UNLINED
TAHQUITZ CANYON WY	1	8	1946	STEEL	BARE/UNLINED
ALEJO RD	1	8	1958	STEEL	BARE/UNLINED
LUGO RD	1	6	1954	STEEL	BARE/UNLINED
THORNHILL RD	1	6	1955	STEEL	BARE/UNLINED
RAMON RD	1	6	1955	STEEL	BARE/UNLINED
OLEANDER RD	1	4	1946	STEEL	BARE/UNLINED
WARM SANDS PL	1	4	1946	STEEL	BARE/UNLINED
CALLE ABRONIA	1	4	1953	STEEL	BARE/UNLINED
TOTAL LEAKS IN SYSTEM:		20			

Streets highlighted in green are being proposed as part of the
2020/2021 Replacement Pipeline Project

SYSTEM INFORMATION:	
OLDEST PIPE IN THE SYSTEM (YEAR OF INSTALLATION):	1935
AVERAGE YEAR OF INSTALLATION OF UNLINED STEEL PIPE (SYSTEMWIDE):	1952
AVERAGE AGE OF UNLINED STEEL PIPE (SYSTEMWIDE):	66 YEARS
AVERAGE AGE OF PIPELINE AT THE TIME OF REPLACEMENT:	68 YEARS
TOTAL LENGTH OF PIPE IN SYSTEM OLDER THAN 70 YEARS (LINEAR FEET):	128,186
TOTAL LENGTH OF UNLINED PIPE SYSTEMWIDE (LINEAR FEET):	297,672
*AVERAGE LENGTH OF PIPE REPLACED ANNUALLY (LINEAR FEET):	14,500
PROJECTED TIME FRAME FOR 100% REPLACEMENT OF UNLINED STEEL PIPE:	21 YEARS
PROJECTED TIME FRAME FOR 100% REPLACEMENT OF PIPE OLDER THAN 70 YEARS:	9 YEARS
YEAR AGENCY TRANSITIONED TO CEMENT LINED STEEL PIPE:	1960
<p>*PLEASE NOTE THIS FIGURE REPRESENTS THE AVERAGE LINEAR FOOTAGE OF PIPELINE REPLACED ANNUALLY GIVEN AN AVERAGE ANNUAL BUDGET OF \$3 MILLION.</p>	

SYSTEM LEAKS:
(Period beginning Oct. 13,
2020 thru Oct. 26, 2020)

AVENIDA CABALLEROS - 2020/2021 REPLACEMENT PIPELINES

General Manager's Meetings and Activities

Meetings:

10/20/20	DWA Bi-Monthly Board Mtg.	Conf Call
10/20/20	DCP Update Meeting W/Tony Meyers	Conf Call
10/20/20	WWRF BLM R/W Grant Cooperators Mtg.	Conf Call
10/20/20	SGMA GSP Update Mission Creek Subbasin	Conf Call
10/21/20	MCSB GSP Update Public Workshop Prep.	Conf Call
10/21/20	Mtg. Prep. Staff Report for DCP Supplemental Funding	Conf Call
10/21/20	SWP Voluntary Agreement Mtg.	Conf Call
10/21/20	SWC Reduced Reliance on the Delta	Conf Call
10/22/20	DWA Conservation and Public Outreach Cmte. Mtg.	Conf Call
10/22/20	WWRF BLM R/W Grant All Team Mtg.	Conf Call
10/22/20	MCSB GSP Update Public Workshop	Conf Call
10/23/20	DWA System Tour	Conf Call
10/26/20	DWA Weekly Staff Mtgs.	Conf Call
10/26/20	East Branch Enlargement Mtg. E&Y	Conf Call
10/27/20	SGMA SGP GSP Mtg.	Conf Call
10/27/20	SWP Voluntary Agreement Follow-up Mtg.	Conf Call
10/28/20	SGMA Alt. GSP, GSA Mtg.	Conf Call
10/28/20	Enterprise Fleet Mtg.	Conf Call
10/29/20	DWA Executive Cmte. Mtg.	Conf Call
10/29/20	CV-SNMP Mtg.	Conf Call
11/02/20	DWA Wkly. Staff Mtgs.	Conf Call
11/03/20	WWRF BLM R/W Grant Cooperators Mtg.	Conf Call
11/03/20	IAA and EY Procedures Status Mtg	Conf Call
11/03/20	DWA Bi-Monthly Board Mtg	Conf Call

Activities:

- 1) SWP Contract Extension Amendment
- 2) DWA Remote Meter Reading Fixed Network
- 3) Whitewater Hydro – Automatic Re-start
- 4) State and Federal Contractors Water Authority and Delta Specific Project Committee (Standing)
- 5) Whitewater River Surface Water Recharge
- 6) Lake Oroville Spillway FEMA funding
- 7) Replacement Pipelines 2020-2021
- 8) DC Project – Finance JPA Committee (Standing)
- 9) DWA/CVWD/MWD Operations Coordination/Article 21/Pool A/Pool B/Yuba Water (Standing)
- 10) DWA/CVWD/MWD Exchange Agreement Coordination Committee (Standing)
- 11) SWP 2020 Water Supply
- 12) ACBCI Water Rights Lawsuit
- 13) Whitewater Hydro Operations Coordination with Recharge Basin O&M
- 14) SGMA Tribal Stakeholder Meetings

Activities: (Cont.)

- 15) Whitewater Spreading Basins – BLM Permits
- 16) Delta Conveyance Project Cost Allocation
- 17) DWA Surface Water Filtration Feasibility Snow Creek Village/Palm Oasis
- 18) MCSB Delivery Updates
- 19) Well 6 Meaders Cleaners RWQB Meetings
- 20) SWP East Branch Enlargement Cost Allocation
- 21) UWMP Population Calculation Update/Valley-Wide UWMP
- 22) RWQCB Update to the SNMP
- 23) SGMA – San Geronio Pass Subbasin

Minutes
Conservation & Public Affairs Committee Meeting
October 22, 2020

Directors Present: Joe Stuart, Jim Cioffi
Staff Present: Mark Krause, Ashley Metzger
Consultants Present: Michael T. Riddell, Best Best & Krieger

1. Discussion Item

- A. Little Library – The Committee reviewed possible locations and selected a placement just outside of the lobby. The Committee also discussed outreach strategies for publicizing the availability of the library.

2. Closed Session

- A. CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION
Pursuant to Government Code Section 54956.9 (d) (2)
(One Case)
- B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Agua Caliente Band of Cahuilla Indians vs. Coachella Valley
Water District, et al
(Two cases)

3. Reconvene into Open Session – No reportable action

4. Adjourn

Minutes
Executive Committee Meeting
October 29, 2020

Directors Present: Joseph Stuart, Kristin Bloomer

Staff Present: Mark Krause, Steve Johnson, Esther Saenz, Sylvia Baca

1. Discussion Items

A. Review Agenda for November 3, 2020 Regular Board Meeting

The proposed agenda for the November 3, 2020 meeting was reviewed.

B. Expense Reports

The September expense reports were reviewed.

2. Adjourn

**STAFF REPORT
TO
DESERT WATER AGENCY
BOARD OF DIRECTORS**

NOVEMBER 3, 2020

RE: REQUEST ADOPTION OF RESOLUTION NO. 1243 AUTHORIZING AMENDMENTS TO THE AGENCY'S LONG TERM WATER SUPPLY CONTRACT WITH THE DEPARTMENT OF WATER RESOURCES AND MAKING RESPONSIBLE AGENCY FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) AND ADOPTING CEQA FINDINGS AND STATEMENT OF OVERRIDING CONSIDERATIONS

The Agency has a long term water supply contract (SWP Contract) with the State of California Department of Water Resources (DWR) for the delivery of State Water Project (SWP) water. Under the existing SWP Contract, water transfers are permitted in a limited and very specific manner, resulting in their infrequent use. In addition, while the existing SWP contract allows for bona fide exchanges of water, it lacks specificity regarding the parameters of such exchanges. Consequently, public water agencies that have SWP Contracts with DWR (PWAs) have relied upon DWR's case by case application, which provides less certainty for planning purposes.

Given changes in hydrology and further constraints placed on DWR's operation of the SWP and to provide flexibility in the future, PWAs and DWR conducted a series of public negotiations with the goal of agreeing on concepts to supplement and clarify the existing water transfer and exchange provisions of the SWP Contracts to provide improved water management. In a December 2017 Notice to Contractors, DWR indicated its desire to supplement and clarify the water management tools through this public process. In June 2018, PWAs and DWR agreed upon an Agreement in Principle (AIP), which included specific principles to accomplish this goal. These principles included clarifying existing practices for exchanges, providing new flexibility for single and multi-year non-permanent water transfers, allowing PWAs to set terms of compensation for transfers and exchanges, providing for the limited transfer of carryover and Article 21 water, and adding provisions to ensure transparency, among some others. In October 2018, a Draft Environmental Impact Report (DEIR) was circulated for the proposed project.

In addition, the AIP at the time included certain cost allocation sections for the California WaterFix project (WaterFix). In early 2019, the Governor decided not to move forward with WaterFix and DWR rescinded its approvals of the project. After this shift, the PWAs and DWR held a public negotiation and agreed to remove the WaterFix cost allocation

sections from AIP, but to keep all of the water management provisions in the AIP. The AIP was finalized on May 20, 2019. DWR decided to amend and recirculate the DEIR. In February 2020, DWR published the Partially Recirculated DEIR for the State Water Project Supply Contract Amendments for Water Management (Project) and in August 2020, DWR certified the Final EIR for the Project.

The proposed amendments to the SWP Contract for consideration by the Board of Directors are based on the AIP, which has been converted into contract amendment language developed by PWA and DWR attorneys. If approved by the Board, the proposed amendment would be effective when 24 of the SWP PWAs execute the amendment. The proposed contract amendment language is attached to this report.

Existing article 56(d) provides the only mechanism for non-permanent transfers of SWP water between PWAs. This mechanism is called the Turnback Pool. As indicated above, it allows transfers in a limited and specific manner and it is rarely utilized. In addition, Section 56(f) allows PWAs to enter into bona fide exchanges of water with other PWAs, but it lacks specificity regarding the parameters. As a result, DWR has applied Section 56(f) on a case by case basis, which has provided less certainty for PWA planning purposes.

Consequently, DWR and the PWAs worked together to find solutions to develop water supply management practices to enhance management flexibility for SWP water supplies in a changing environment. The proposed contract amendment for the Board's consideration supplements and clarifies terms of the SWP water supply contract related to water transfers and exchanges within the SWP service area to improve water management capabilities and options. The proposed amendment does not increase SWP diversions or change SWP operations.

Transfers

Specifically, the proposed contract amendment does the following, among other things, regarding transfers:

- Removes the Turnback Pool language from the contract.
- Creates new flexibility for non-permanent transfers, including allowing PWAs to transfer water to other PWAs outside their service area, to determine the duration (either single or multi-year) and terms of compensation for transfers, to execute Transfer Packages (2 or more transfer agreements between the same PWAs), and to transfer water stored outside their service territory directly to other PWAs.
- Requires certain conditions be met to avoid harm to the SWP and other PWAs.
- Requires DWR approval based on satisfaction of such conditions.
- Permits PWAs to transfer Article 21 water with DWR approval after a demonstration of special need.
- Allows PWAs to transfer or exchange up to 50% of their carryover water.
- Adds provisions to ensure transparency.
- Provides for a dispute resolution process for non-participating PWAs who feel they may be adversely impacted by a transfer.

Exchanges

The proposed contract amendment does the following, among other things, with regards to exchanges of water:

- Establishes clear criteria for exchanges to provide more clarity.
- Sets exchange ratios based on Annual Table A water allocation percentages, up to 5 to 1.

- Sets the maximum cost compensation for an exchange.
- Allows exchanges to be carried out over a 10 year period (meaning water could be returned over 10 years).
- Permits the exchange or transfer of up to 50% of PWAs carryover water.
- Requires certain conditions to be met to avoid harm to the SWP and other PWAs.
- Adds provisions to ensure transparency.
- Provides for a dispute resolution process for non-participating PWAs who feel they may be adversely impacted by an exchange.

In addition to the above, the proposed amendment permits PWAs to participate in multiple transfers or exchanges each year, as well as to be both buyers and sellers in the same year. PWAs may also petition DWR for exceptions to the some of the above criteria upon a demonstration of special needs or circumstances. Overall, the proposed amendments provide improved flexibility for PWAs to utilize water transfers and exchanges to better manage their SWP water supplies in a dynamic environment.

Proposed Amendment Implementation Schedule

The proposed contract amendment to the Agency's long term water supply contract with DWR is a uniform amendment that all PWAs are considering. Pursuant to the terms of the proposed amendment, it will go into effect on the last day of the month after 24 PWAs have executed the contract amendment. If 24 or more PWAs have not executed the amendment by February 28, 2021, DWR may decide in consultation with those PWAs who have executed it whether to allow the amendment to take effect.

CEQA Determination

On February 28, 2020, DWR published the 2020 Partially Recirculated DEIR for the Project. The Partially Recirculated DEIR was circulated for 94 days through June 1, 2020. On August 25, 2018, DWR certified the Final EIR for the Project. The Final EIR determined that the Project would have significant and unavoidable impacts to groundwater hydrology and water quality, and cumulatively considerable and unavoidable impacts to groundwater supplies and subsidence. As such, DWR adopted CEQA Findings of Fact and Statement of Overriding Considerations for the Project. On August 28, 2020, DWR filed a Notice of Determination for the Project. The Final EIR and CEQA Findings of Fact and Statement of Overriding Considerations comply with CEQA. DWR's Notice of Determination, Partially Recirculated DEIR, and Final EIR can be found on the official DWR website at: <https://water.ca.gov/News/Public-Notices/2020/August/SWP-Water-Supply-Contract-EIR>. DWR's CEQA Findings and Statement of Overriding Considerations is attached to this staff report.

Before approving the proposed contract amendment, the Agency, as a Responsible Agency under CEQA, is required to certify that it has reviewed and considered the information in the certified Final EIR for the Project. In addition, because the certified Final EIR identified significant and unavoidable impacts to the environment, the Agency must adopt CEQA Findings of Fact and Statement of Overriding Considerations.

There are no financial impacts of approving the proposed contract amendment.

Staff recommends approving and adopting Resolution No. 1243 to (1) authorize the General Manager to execute the proposed amendment to the Agency's long term water supply contract with DWR regarding enhance water management tools and (2) make responsible agency findings pursuant to the California Environmental Quality Act for the Final Environmental Impact Report for the State Water Project Supply Contract Amendments for Water Management, and adopt CEQA Findings and Statement of Overriding Considerations for the Project.

Attachments:

1. Resolution No. 1243
2. Proposed contract amendment language.
3. DWR's CEQA Findings and Statement of Overriding
4. Power Point Presentation

RESOLUTION NO. 1243

A RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT WATER AGENCY (1) AUTHORIZING AMENDMENTS TO THE AGENCY'S LONG TERM WATER SUPPLY CONTRACT WITH THE DEPARTMENT OF WATER RESOURCES TO SUPPLEMENT AND CLARIFY WATER MANAGEMENT TOOLS REGARDING TRANSFERS AND EXCHANGES OF SWP WATER; AND (2) MAKING RESPONSIBLE AGENCY FINDINGS PURSUANT TO CEQA FOR THE FINAL ENVIRONMENTAL IMPACT REPORT FOR THE STATE WATER PROJECT SUPPLY CONTRACT AMENDMENTS FOR WATER MANAGEMENT, AND ADOPTING CEQA FINDINGS AND STATEMENT OF OVERRIDING CONSIDERATIONS

WHEREAS, Desert Water Agency has a long term water supply contract (SWP Contract) with the State of California Department of Water Resources (DWR) for the delivery of State Water Project (SWP) water; and

WHEREAS, under the existing SWP Contract, water transfers are permitted in a limited and very specific manner, resulting in their infrequent use, and the parameters for exchanges of water, while allowed, lack specificity and clear guidance, which impede planning; and

WHEREAS, Desert Water Agency, along with other public water agencies with SWP Contracts (PWAs) conducted a series of public negotiations with DWR with the goal of agreeing on concepts to supplement and clarify the existing water transfer and exchange provisions of the SWP Contracts to provide improved water management; and

WHEREAS, in June 2018, PWAs and DWR agreed upon an Agreement in Principle (AIP), which included specific principles to clarify and enhance the terms of the SWP water supply contract related to water transfers and exchanges to improve water management capabilities and PWA options; and

WHEREAS, in October 2018, DWR circulated a Draft Environmental Impact Report (2018 DEIR) that considered impacts related to the AIP, which at that time also included certain cost allocation sections for the California WaterFix project (WaterFix); and

WHEREAS, in early 2019, Governor Newsom decided not to move forward with California WaterFix and DWR rescinded its approvals of the AIP project. The PWAs and DWR subsequently held a public negotiation and agreed to remove the WaterFix cost allocation sections from AIP, but to retain the water management provisions, and the AIP was finalized on May 20, 2019; and

WHEREAS, the proposed amendment to the Agency's SWP Contract for consideration by the Board articulates in contract language the principles of the final AIP; and

WHEREAS, DWR is the lead agency for the water management amendments, called the State Water Project Supply Contract Amendments for Water Management (Project), pursuant to

CEQA (Pub. Res. Code §§ 21000, et seq.) and the State CEQA Guidelines (14 CCR §§ 15000, et seq.). As the lead agency, DWR is responsible for assuring that an adequate analysis of the Project's environmental impacts is conducted; and

WHEREAS, on February 28, 2020, DWR issued a Partially Recirculated Draft Environmental Impact Report (DEIR) for the Project, which was circulated for public review for 94 days through June 1, 2020; and

WHEREAS, DWR prepared a Final Environmental Impact Report for the Project, which included the DEIR, appendices, comments on the DEIR, responses to comments on the DEIR, and revisions to the DEIR (collectively, FEIR); and

WHEREAS, on August 25, 2020, DWR certified the FEIR, adopted CEQA Findings of Fact and Statement of Overriding Considerations and approved the Project; and

WHEREAS, the FEIR concluded that the Project would have significant and unavoidable impacts to groundwater hydrology and water quality, and cumulatively considerable and unavoidable impacts to groundwater supplies and subsidence. As such, DWR adopted CEQA Findings of Fact and Statement of Overriding Considerations for the Project (attached as Exhibit "A"); and

WHEREAS, the Agency and DWR propose to amend the Agency's SWP Contract by approving the amendment attached as Exhibit "B" to this Resolution (Amendment), the environmental effects of which were studied in the FEIR; and

WHEREAS, Desert Water Agency is a responsible agency and has more limited approval and implementing authority over the Amendment than does the DWR; and

WHEREAS, the Board of Directors of the Desert Water Agency at its scheduled public meeting on November 3, 2020 independently reviewed and considered the FEIR, CEQA Findings of Fact and Statement of Overriding Considerations, and other related documents and evidence in the record before it; and

WHEREAS, all the procedures of CEQA and the State CEQA Guidelines have been met, and the FEIR prepared in connection with the Project is sufficiently detailed so that all the potentially significant effects of the Project and the Amendment on the environment and measures feasible to avoid or substantially lessen such effects have been evaluated in accordance with CEQA; and

WHEREAS, as contained herein, Desert Water Agency has endeavored in good faith to set forth the basis for its decision on the Amendment;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DESERT WATER AGENCY AS FOLLOWS:

1. The above recitals are true and correct and are incorporated herein by reference as an operative portion of this Resolution.
2. Based on the above findings, the Board hereby approves the Amendment and authorizes the General Manager to execute it on behalf of Desert Water Agency, which is incorporated herein and attached hereto as Exhibit "B".
3. The FEIR prepared for the Project, which can be found at <https://water.ca.gov/News/Public-Notices/2020/August/SWP-Water-Supply-Contract-EIR>, is hereby received by the Board and incorporated herein by this reference
4. Pursuant to State CEQA Guidelines section 15096 and in its limited role as a responsible agency under CEQA, the Board has reviewed and considered the FEIR, as well as DWR's certification of the FEIR and approval of the Project, and DWR's CEQA Findings of Fact and Statement of Overriding Considerations, and the Board incorporates those items herein by reference. As to those resources within the Agency's power and authority as a responsible agency under CEQA, the Board exercises its independent judgment and finds that the FEIR contains a complete, objective, and accurate reporting of the Amendment's impacts.
5. Exercising its independent judgment, the Board concurs with the CEQA Findings of Fact and Statement of Overriding Considerations approved by DWR and hereby adopts those CEQA Findings of Fact and Statement of Overriding Considerations, attached hereto as Exhibit "A" and incorporated herein by this reference. The Board further finds that there are no feasible mitigation measures or alternatives within its authority that would substantially lessen or avoid any significant effects that the Project would have on the environment, for the reasons explained in the FEIR.
6. The Board concurs with the Statement of Overriding Considerations adopted by DWR and finds that the benefits of the Amendment outweigh the adverse environmental impacts not reduced to below a level of significance.
7. The Board hereby authorizes and directs staff to file and have posted a Notice of Determination with the County Clerk and with the State Clearinghouse within 5 working days of the adoption of this Resolution.
8. The documents and materials that constitute the record of proceedings for this Resolution are located at Desert Water Agency, 1200 S. Gene Autry Trail, Palm Springs, CA 92264, Attn: Secretary of the Board.

ADOPTED this 3rd day of November 2020.

Joseph K. Stuart, President

ATTEST:

Craig Ewing, Secretary-Treasurer

STATE OF CALIFORNIA
CALIFORNIA NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES

AMENDMENT NO. 22 (THE WATER MANAGEMENT AMENDMENT)
TO WATER SUPPLY CONTRACT
BETWEEN
THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
DESERT WATER AGENCY

THIS AMENDMENT to the Water Supply Contract is made this _____ day of _____, 20____ pursuant to the provisions of the California Water Resources Development Bond Act, the Central Valley Project Act, and other applicable laws of the State of California, between the State of California, acting by and through its Department of Water Resources, herein referred to as the "State," and Desert Water Agency, herein referred to as the "Agency."

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RECITALS

- A. The State and the Agency entered into and subsequently amended a water supply contract (the “contract”), dated October 17, 1962, providing that the State shall supply certain quantities of water to the Agency and providing that the Agency shall make certain payments to the State, and setting forth the terms and conditions of such supply and such payments; and
- B. The State and the Agency, in an effort to manage water supplies in a changing environment, explored non-structural solutions to provide greater flexibility in managing State Water Project (SWP) water supplies; and
- C. The State and the Agency, in an effort to support the achievement of the coequal goals for the Delta set forth in the Delta Reform Act, sought solutions to develop water supply management practices to enhance flexibility and reliability of SWP water supplies while the Agency is also demonstrating its commitment to expand its water supply portfolio by investing in local water supplies; and
- D. The State and the Agency, in response to the Governor’s Water Resiliency Portfolio, wish to maintain and diversify water supplies while protecting and enhancing natural systems without changing the way in which the SWP operates; and
- E. The State and the Agency sought to create a programmatic solution through transfers or exchanges of SWP water supplies that encourages regional approaches among water users sharing watersheds and strengthening partnerships with local water agencies, irrigation districts, and other stakeholders; and
- F. The State and the Agency, in an effort to comply with the Open and Transparent Water Data Platform Act (Assembly Bill 1755), sought means to create greater transparency in water transfers and exchanges; and
- G. The State, the Agency and representatives of certain other SWP Contractors have negotiated and agreed upon a document (dated May 20, 2019), the subject of which is “ Draft Agreement in Principle for the SWP Water Supply Contract Amendment for Water Management” (the “Agreement in Principle”); and
- H. The Agreement in Principle describes that the SWP Water Supply Contract Amendment for Water Management “supplements and clarifies terms of the SWP water supply contract that will provide greater water management regarding transfers and exchanges of SWP water within the SWP service area”; the principles agreed to achieve this without relying upon increased SWP diversions or changing the way in which the SWP operates, and are consistent with all applicable contract and regulatory requirements; and

- I. The State, the Agency and those Contractors intending to be subject to the contract amendments contemplated by the Agreement in Principle subsequently prepared an amendment to their respective Contracts to implement the provisions of the Agreement in Principle, and such amendment was named the “SWP Water Supply Contract Amendment for Water Management”; and
- J. The State and the Agency desire to implement continued service through the contract and under the terms and conditions of this “SWP Water Supply Contract Amendment for Water Management”;

NOW, THEREFORE, IT IS MUTUALLY AGREED that the following changes and additions are hereby made to the Agency's water supply contract with that State:

AMENDED CONTRACT TEXT

ARTICLE 1 IS AMENDED TO ADD THE FOLLOWING DEFINITIONS, PROVIDED THAT IF THIS WATER MANAGEMENT AMENDMENT TAKES EFFECT BEFORE THE CONTRACT EXTENSION AMENDMENT TAKES EFFECT, THE ADDITIONS HEREIN SHALL CONTINUE IN EFFECT AFTER THE CONTRACT EXTENSION AMENDMENT TAKES EFFECT NOTWITHSTANDING THE CONTRACT EXTENSION AMENDMENT'S DELETION AND REPLACEMENT OF ARTICLE 1 IN ITS ENTIRETY:

1. Definitions

- (au) **"Article 56 Carryover Water"** shall mean water that the Agency elects to store under Article 56 in project surface conservation facilities for delivery in a subsequent year or years.

ARTICLES 21 and 56 ARE DELETED IN THEIR ENTIRETY AND REPLACED WITH THE FOLLOWING TEXT:

21. Interruptible Water Service

(a) Allocation of Interruptible Water

Each year from water sources available to the project, the State shall make available and allocate interruptible water to contractors in accordance with the procedure in Article 18(a). Allocations of interruptible water in any one year may not be carried over for delivery in a subsequent year, nor shall the delivery of interruptible water in any year impact the Agency's approved deliveries of Annual Table A Amount or the Agency's allocation of water for the next year. Deliveries of interruptible water in excess of the Agency's Annual Table A Amount may be made if the deliveries do not adversely affect the State's delivery of Annual Table A Amount to other contractors or adversely affect project operations. Any amounts of water owed to the Agency as of the date of this amendment pursuant to former Article 12(d), any contract provisions or letter agreements relating to wet weather water, and any Article 14(b) balances accumulated prior to 1995, are canceled. The State shall hereafter use its best efforts, in a manner that causes no adverse impacts upon other contractors or the project, to avoid adverse economic impacts due to the Agency's inability to take water during wet weather.

(b) Notice and Process for Obtaining Interruptible Water

The State shall periodically prepare and publish a notice to contractors describing the availability of interruptible water under this Article. To obtain a supply of interruptible water, including a supply from a transfer of interruptible water, the Agency shall execute a further agreement with the State. The State will timely process such requests for scheduling the delivery of the interruptible water.

(c) Rates

For any interruptible water delivered pursuant to this Article, the Agency shall pay the State the same (including adjustments) for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water as if such interruptible water were Table A Amount water, as well as all incremental operation, maintenance, and replacement costs, and any other incremental costs, as determined by the State. The State shall not include any administrative or contract preparation charge. Incremental costs shall mean those nonpower costs which would not be incurred if interruptible water were not scheduled for or delivered to the Agency. Only those contractors not participating in the repayment of the capital costs of a reach shall be required to pay any use of facilities charge for the delivery of interruptible water through that reach.

(d) Transfers of Interruptible Water

- (1) Tulare Lake Basin Water Storage District, Empire West-Side Irrigation District, Oak Flat Water District, and County of Kings may transfer to other contractors a portion of interruptible water allocated to them under subdivision (a) when the State determines that interruptible water is available.
- (2) The State may approve the transfer of a portion of interruptible water allocated under subdivision (a) to contractors other than those listed in (d)(1) if the contractor acquiring the water can demonstrate a special need for the transfer of interruptible water.
- (3) The contractors participating in the transfer shall determine the cost compensation for the transfers of interruptible water.

The transfers of interruptible water shall be consistent with Articles 56(d) and 57.

56. Use and Storage of Project Water Outside of Service Area and Article 56 Carryover Water

(a) State Consent to Use of Project Water Outside of Service Area

Notwithstanding the provisions of Article 15(a), the State hereby consents to the Agency storing Project Water in a groundwater storage program, project surface conservation facilities and in nonproject surface storage facilities located outside its service area for later use by the Agency within its service area and to the Agency transferring or exchanging Project Water outside its service area consistent with agreements executed under this contract.

(b) Groundwater Storage Programs

The Agency shall cooperate with other contractors in the development and establishment of groundwater storage programs. The Agency may elect to store Project Water in a groundwater storage program outside its service area for later use within its service area. There shall be no limit on the amount of Project Water the Agency can store outside its service area during any year in a then existing and operational groundwater storage program.

(1) Transfers of Annual Table A Amount stored in a groundwater storage program outside a contractor's service area.

In accordance with applicable water rights law and the terms of this Article, the Agency may transfer any Annual Table A Amount stored on or after the effective date of the Water Management Amendment in a groundwater storage program outside its service area to another contractor for use in that contractor's service area. These transfers must comply with the requirements of Articles 56(c)(4)(i)-(v), (6) and (7), and Article 57. The Agency will include these transfers in its preliminary water delivery schedule required in Article 12(a).

(2) Exchanges of any Annual Table A Amount stored in a groundwater storage program outside a contractor's service area.

In accordance with applicable water rights law and the terms of this Article, the Agency may exchange any Annual Table A Amount stored on or after the effective date of the Water Management Amendment in a groundwater storage program outside its service area with another contractor for use in that contractor's service area. These exchanges must comply with the requirements in Article 56(c)(4)(i)-(v). The Agency shall include these exchanges in its preliminary water delivery schedule pursuant to Article 12(a).

(c) Article 56 Carryover Water and Transfers or Exchanges of Article 56 Carryover Water

- (1) In accordance with any applicable water rights laws, the Agency may elect to use Article 56 Carryover Water within its service area, or transfer or exchange Article 56 Carryover Water to another contractor for use in that contractor's service area in accordance with the provisions of subdivision (c)(4) of this Article. The Agency shall submit to the State a preliminary water delivery schedule on or before October 1 of each year pursuant to Article 12(a), the quantity of water it wishes to store as Article 56 Carryover Water in the next succeeding year, and the quantity of Article 56 Carryover Water it wishes to transfer or exchange with another contractor in the next succeeding year. The amount of Project Water the Agency can add to storage in project surface conservation facilities and in nonproject surface storage facilities located outside the Agency's service area each year shall be limited to the lesser of the percent of the Agency's Annual Table A Amount shown in column 2 or the acre-feet shown in column 3 of the following table, depending on the State's final Table A water supply allocation percentage as shown in column 1. For the purpose of determining the amount of Project Water the Agency can store, the final water supply allocation percentage shown in column 1 of the table below shall apply to the Agency. However, there shall be no limit to storage in nonproject facilities in a year in which the State's final water supply allocation percentage is one hundred percent. These limits shall not apply to water stored pursuant to Articles 12(e) and 14(b).

1. Final Water Supply Allocation Percentage	2. Maximum Percentage of Agency's Annual Table A Amount That Can Be Stored	3. Maximum Acre-Feet That Can Be Stored
50% or less	25%	100,000
51%	26%	104,000
52%	27%	108,000
53%	28%	112,000
54%	29%	116,000
55%	30%	120,000
56%	31%	124,000
57%	32%	128,000
58%	33%	132,000
59%	34%	136,000
60%	35%	140,000
61%	36%	144,000
62%	37%	148,000
63%	38%	152,000
64%	39%	156,000
65%	40%	160,000
66%	41%	164,000
67%	42%	168,000
68%	43%	172,000
69%	44%	176,000
70%	45%	180,000
71%	46%	184,000
72%	47%	188,000
73%	48%	192,000
74%	49%	196,000
75% or more	50%	200,000

- (2) Storage capacity in project surface conservation facilities at any time in excess of that needed for project operations shall be made available to requesting contractors for storage of project and Nonproject Water. If such storage requests exceed the available storage capacity, the available capacity shall be allocated among contractors requesting storage in proportion to their Annual Table A Amounts for that year. The Agency may store water in excess of its allocated share of capacity as long as capacity is available for such storage.
- (3) If the State determines that a reallocation of excess storage capacity is needed as a result of project operations or because of the exercise of a contractor's storage right, the available capacity shall be reallocated among contractors requesting storage in proportion to their respective Annual

Table A Amounts for that year. If such reallocation results in the need to displace water from the storage balance for any contractor or noncontractor, the water to be displaced shall be displaced in the following order of priority:

First, water, if any, stored for noncontractors;

Second, water stored for a contractor that previously was in excess of that contractor's allocation of storage capacity; and

Third, water stored for a contractor that previously was within that contractor's allocated storage capacity.

The State shall determine whether water stored in a project surface water conservation facility is subject to displacement and give as much notice as feasible of a potential displacement. If the Agency transfers or exchanges Article 56 Carryover Water pursuant to this subdivision to another contractor for storage in such facility, the State shall recalculate the amount of water that is subject to potential displacement for both contractors participating in the transfer or exchange. The State's recalculation shall be made pursuant to subdivision (4) of this Article.

(4) Transfers or Exchanges of Article 56 Carryover Water

The Agency may transfer or exchange its Article 56 Carryover Water as provided in this subdivision under a transfer or an exchange agreement with another contractor. Water stored pursuant to Articles 12(e) and 14(b) and Nonproject Water shall not be transferred or exchanged. Transfers or exchanges of Article 56 Carryover Water under this subdivision shall comply with subdivision (f) of this Article and Article 57 as applicable, which shall constitute the exclusive means to transfer or exchange Article 56 Carryover Water.

On or around January 15 of each year, the State shall determine the maximum amount of Article 56 Carryover Water as of January 1 that will be available for transfers or exchanges during that year. The State's determination shall be consistent with subdivisions (c)(1) and (c)(2) of this Article.

The State shall timely process requests for transfers or exchanges of Article 56 Carryover Water by participating contractors. After execution of the transfer or exchange agreement between the State and the contractors participating in the transfer or exchange, the State shall recalculate each contractor's storage amounts for the contractors participating in the transfer or exchange. The State's recalculation shall result in an increase by an amount of water within the storage amounts for the contractor receiving the water and a decrease by the same amount of water for the contractor transferring or exchanging water. The State's recalculation shall be based on the criteria set forth in the State's transfer or exchange agreement with the participating contractors. The State's calculations shall also apply when a contractor uses Article 56 Carryover Water to complete an exchange.

Transfers and exchanges of Article 56 Carryover Water shall meet all of the following criteria:

- (i) Transfers or exchanges of Article 56 Carryover Water are limited to a single-year. Project Water returned as part of an exchange under subdivision (c)(4) may be returned over multiple years.
- (ii) The Agency may transfer or exchange an amount up to fifty percent (50%) of its Article 56 Carryover Water to another contractor for use in that contractor's service area.
- (iii) Subject to approval of the State, the Agency may transfer or exchange an amount greater than 50% of its Article 56 Carryover Water to another contractor for use in that contractor's service area. The Agency seeking to transfer or exchange greater than 50% of its Article 56 Carryover Water shall submit a written request to the State for approval. The Agency making such a request shall demonstrate to the State how it will continue to meet its critical water needs in the current year of the transfer or exchange and in the following year.

- (iv) The contractor receiving the water transferred or exchanged under subdivisions (4)(i) or (ii) above shall confirm in writing to the State its need for the water that year and shall take delivery of the water transferred or exchanged in the same year.
 - (v) Subject to the approval of the State, the Agency may seek an exception to the requirements of subdivisions (4)(i), (ii), and (iii) above. The Agency seeking an exception shall submit a written request to the State demonstrating to the State the need for 1) using project surface conservation facilities as the transfer or exchange point for Article 56 Carryover Water if the receiving contractor cannot take delivery of the transfer or exchange water in that same year, 2) using project surface conservation facilities for the transfer or exchange of one contractor's Article 56 Carryover Water to another contractor to reduce the risk of the water being displaced, or 3) for some other need.
- (5) The restrictions on storage of Project Water outside the Agency's service area provided for in this subdivision (c), shall not apply to storage in any project off-stream storage facilities constructed south of the Delta after the date of the Monterey Amendment.
- (6) For any Project Water stored outside its service area pursuant to subdivisions (b) and (c), the Agency shall pay the State the same (including adjustments) for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water as the Agency pays for the transportation of Annual Table A Amount to the reach of the project transportation facility from which the water is delivered to storage. If Table A Amount is stored, the Delta Water Charge shall be charged only in the year of delivery to interim storage. For any stored water returned to a project transportation facility for final delivery to its service area, the Agency shall pay the State the same for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water calculated from the point of

return to the aqueduct to the turn-out in the Agency's service area. In addition, the Agency shall pay all incremental operation, maintenance, and replacement costs, and any other incremental costs, as determined by the State, which shall not include any administrative or contract preparation charge. Incremental costs shall mean those nonpower costs which would not be incurred if such water were scheduled for or delivered to the Agency's service area instead of to interim storage outside the service area. Only those contractors not participating in the repayment of a reach shall be required to pay a use of facilities charge for use of a reach for the delivery of water to, or return of water from, interim storage.

- (7) If the Agency elects to store Project Water in a nonproject facility within the service area of another contractor it shall execute a contract with that other contractor prior to storing such water which shall be in conformity with this Article and will include at least provisions concerning the point of delivery and the time and method for transporting such water.

(d) Non-Permanent Water Transfers of Project Water

Notwithstanding the provisions of Article 15(a), the State hereby consents to the Agency transferring Project Water outside its service area in accordance with the following:

- (1) The participating contractors shall determine the duration and compensation for all water transfers, including single-year transfers, Transfer Packages and multi-year transfers.
- (2) The duration of a multi-year transfer shall be determined by the participating contractors to the transfer, but the term of the transfer agreement shall not extend beyond the term of the Contract with the earliest term.
- (3) A Transfer Package shall be comprised of two or more water transfer agreements between the same contractors. The State shall consider each proposed water transfer within the package at the same time and shall apply the transfer criteria pursuant to Article 57 in the review and approval of each transfer. The State shall not consider a Transfer Package as an exchange.

(e) Continuance of Article 12(e) Carry-over Provisions

The provisions of this Article are in addition to the provisions of Article 12(e), and nothing in this Article shall be construed to modify or amend the provisions of Article 12(e). Any contractor electing to transfer or exchange Project Water during any year in accordance with the provisions of subdivision (c) of this Article, shall not be precluded from using the provisions of Article 12(e) for carrying over water from the last three months of that year into the first three months of the succeeding year.

(f) Bona Fide Exchanges Permitted

Notwithstanding the provisions of Article 15(a), the State hereby consents to the Agency exchanging Project Water outside its service area consistent with this Article. Nothing in this Article shall prevent the Agency from entering into bona fide exchanges of Project Water for use outside the Agency's service area with other parties for Project Water or Nonproject Water if the State consents to the use of the Project Water outside the Agency's service area. Also, nothing in this Article shall prevent the Agency from continuing those exchange or sale arrangements entered into prior to September 1, 1995. Nothing in this Article shall prevent the Agency from continuing those exchange or sale arrangements entered into prior to the effective date of this Amendment which had previously received any required State approvals. The State recognizes that the hydrology in any given year is an important factor in exchanges. A "bona fide exchange" shall mean an exchange of water involving the Agency and another party where the primary consideration for one party furnishing water to another party is the return of a substantially similar amount of water, after giving due consideration to the hydrology, the length of time during which the water will be returned, and reasonable payment for costs incurred. In addition, the State shall consider reasonable deductions based on expected storage or transportation losses that may be made from water delivered. The State may also consider any other nonfinancial conditions of the return. A "bona fide exchange" shall not involve a significant payment unrelated to costs incurred in effectuating the exchange. The State, in consultation with the contractors, shall have authority to determine whether a proposed exchange of water constitutes a "bona fide exchange" within the meaning of this paragraph and not a disguised sale.

(g) Exchanges of Project Water

Exchanges of Project Water shall be consistent with Article 57. In addition, the State shall apply the following criteria to its review of each exchange of Project Water as set forth below:

(1) Exchange Ratio

Exchange ratio shall mean the amount of water delivered from a contractor's project supply in a year to another contractor compared to the amount of water returned to the first contractor in a subsequent year by the other contractor. All exchanges shall be subject to the applicable exchange ratio in this Article as determined by the allocation of available supply for the Annual Table A Amount at the time the exchange transaction between the contractors is executed.

- (a) For allocations greater than or equal to 50%, the exchange ratio shall be no greater than 2 to 1.
- (b) For allocations greater than 25% and less than 50%, the exchange ratio shall be no greater than 3 to 1.
- (c) For allocations greater than 15% and less than or equal to 25%, the exchange ratio shall be no greater than 4 to 1.
- (d) For allocations less than or equal to 15%, the exchange ratio shall be no greater than 5 to 1.

(2) Cost Compensation

The State shall determine the maximum cost compensation calculation using the following formula:

The numerator shall be the exchanging contractor's conservation minimum and capital and transportation minimum and capital charges, including capital surcharges. DWR will set the denominator using the State Water Project allocation which incorporates the May 1 monthly Bulletin 120 runoff forecast.

If the Agency submits a request for approval of an exchange prior to May 1, the State shall provide timely approval with the obligation of the contractors to meet the requirement of the maximum compensation. If the maximum compensation is exceeded because the agreement between the

contractors is executed prior to the State Water Project allocation as defined in (c)(2) above, the contractors will revisit the agreement between the two contractors and make any necessary adjustments to the compensation. If the contractors make any adjustments to the compensation, they shall notify the State.

(3) Period During Which the Water May Be Returned:

The period for the water to be returned shall not be greater than 10 years and shall not go beyond the expiration date of this Contract. If the return of the exchange water cannot be completed within 10 years, the State may approve a request for an extension of time.

(h) Other Transfers

Nothing in this Article shall modify or amend the provisions of Articles 15(a), 18(a) or Article 41, except as expressly provided for in subdivisions (c) and (d) of this Article and in subdivision (d) of Article 21.

NEW CONTRACT ARTICLES

ARTICLE 57 IS ADDED TO THE CONTRACT AS A NEW ARTICLE AS FOLLOWS:

57. Provisions Applicable to Both Transfers and Exchanges of Project Water

- (a)** Nothing in this Article modifies or limits Article 18 (a).
- (b)** Transfers and exchanges shall not have the protection of Article 14(b).
- (b)** The Agency may be both a buyer and seller in the same year and enter into multiple transfers and exchanges within the same year.
- (d)** Subject to the State's review and approval, all transfers and exchanges shall satisfy the following criteria:
 - (1)** Transfers and exchanges shall comply with all applicable laws and regulations.
 - (2)** Transfers and exchanges shall not impact the financial integrity of the State Water Project, Transfers and exchange agreements shall include provisions to cover all costs to the State for the movement of water such as power costs and use of facility charge.
 - (3)** Transfers and exchanges shall be transparent, including compliance with subdivisions (g) and (h) of this Article.
 - (4)** Transfers and exchanges shall not harm other contractors not participating in the transfer or exchange.
 - (5)** Transfers and exchanges shall not create significant adverse impacts to the service area of each contractor participating in the transfer or exchange.
 - (6)** Transfers and exchanges shall not adversely impact State Water Project operations.
- (e)** The Agency may petition the State and the State shall have discretion to approve an exception to the criteria set forth in subdivision (d) in the following cases:
 - (1)** When a transfer or an exchange does not meet the criteria, but the Agency has determined that there is a compelling need to proceed with the transfer or exchange.

- (2) When the Agency has received water in a transfer or an exchange and cannot take all of the water identified in the transaction in the same year, the Agency may request to store its water consistent with Article 56(c), including in San Luis Reservoir.
- (f) The State will timely process such requests for scheduling the delivery of the transferred or exchanged water. Contractors participating in a transfer or an exchange shall submit the request in a timely manner.
- (g) The Agency shall, for each transfer or exchange it participates in, confirm to the State in a resolution or other appropriate document approving the transfer or exchange, including use of Article 56(c) stored water, that:
 - (1) The Agency has complied with all applicable laws.
 - (2) The Agency has provided any required notices to public agencies and the public.
 - (3) The Agency has provided the relevant terms to all contractors and to the Water Transfers Committee of the State Water Contractors Association.
 - (4) The Agency is informed and believes that the transfer or exchange will not harm other contractors.
 - (5) The Agency is informed and believes that the transfer or exchange will not adversely impact State Water Project operations.
 - (6) The Agency is informed and believes that the transfer or exchange will not affect its ability to make all payments, including payments when due under its Contract for its share of the financing costs of the State's Central Valley Project Revenue Bonds.
 - (7) The Agency has considered the potential impacts of the transfer or exchange within its service area.
- (h) **Dispute Resolution Process Prior to Executing an Agreement**

The State and the contractors shall comply with the following process to resolve disputes if a contractor that is not participating in the transfer or exchange claims that the proposed transfer and/or exchange has a significant adverse impact.

- (1) Any claim to a significant adverse impact may only be made after the Agency has submitted the relevant terms pursuant to Article

57(g)(3) and before the State approves a transfer or an exchange agreement.

- (2) In the event that any dispute cannot be resolved among the contractors, the State will convene a group including the Department's Chief of the State Water Project Analysis Office, the Department's Chief Counsel and the Department's Chief of the Division of Operations or their designees and the contractors involved. The contractor's representatives shall be chosen by each contractor. Any contractor claiming a significant adverse impact must submit written documentation to support this claim and identify a proposed solution. This documentation must be provided 2 weeks in advance of a meeting of the group that includes the representatives identified in this paragraph.
- (3) If this group cannot resolve the dispute, the issue will be taken to the Director of the Department of Water Resources and that decision will be final.

WATER MANAGEMENT AMENDMENT IMPLEMENTING AND ADMINISTRATIVE PROVISIONS

IT IS FURTHER MUTUALLY AGREED that the following provisions, which shall not be part of the Water Supply Contract text, shall be a part of this Amendment and be binding on the Parties.

1. EFFECTIVE DATE OF WATER MANAGEMENT AMENDMENT

- (a) The Water Management Amendment shall take effect (“Water Management Amendment effective date”) on the last day of the calendar month in which the State and 24 or more contractors have executed the Water Management Amendment, unless a final judgment by a court of competent jurisdiction has been entered that the Water Management Amendment is invalid or unenforceable or a final order has been entered that enjoins the implementation of the Water Management Amendment.
- (b) If any part of the Water Management Amendment of any contractor is determined by a court of competent jurisdiction in a final judgment or order to be invalid or unenforceable, the Water Management Amendments of all contractors shall be of no force and effect unless the State and 24 or more contractors agree any the remaining provisions of the contract may remain in full force and effect.
- (c) If 24 or more contractors have not executed the Water Management Amendment by February 28, 2021 then within 30 days the State, after consultation with the contractors that have executed the amendment, shall make a determination whether to waive the requirement of subdivision (a) of this effective date provision. The State shall promptly notify all contractors of the State’s determination. If the State determines, pursuant to this Article to allow the Water Management Amendment to take effect, it shall take effect only as to those consenting contractors.
- (d) If any contractor has not executed the Water Management Amendment within sixty (60) days after its effective date pursuant to subdivisions (a) through (c) of this effective date provision, this Amendment shall not take effect as to such contractor unless the contractor and the State, in its discretion, thereafter execute such contractor’s Water Management Amendment, in which case the Water Management Amendment effective date for purposes of that contractor’s Amendment shall be as agreed upon by the State and contractor, and shall replace the effective date identified in subdivision (a) for that contractor.

2. ADMINISTRATION OF CONTRACTS WITHOUT WATER MANAGEMENT AMENDMENT

The State shall administer the water supply contracts of any contractors that do not execute the Water Management Amendment in a manner that is consistent with the contractual rights of such contractors. These contractors' rights are not anticipated to be affected adversely or benefited by the Water Management Amendments.

3. OTHER CONTRACT PROVISIONS

Except as amended by this Amendment, all provisions of the contract shall be and remain the same and in full force and effect, provided, however, that any reference to the definition of a term in Article 1, shall be deemed to be a reference to the definition of that term, notwithstanding that the definition has been re-lettered within Article 1. In preparing a consolidated contract, the parties agree to update all such references to reflect the definitions' lettering within Article 1.

4. DocuSign

The Parties agree to accept electronic signatures generated using DocuSign as original signatures.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment on the date first above written.

Approved as to Legal Form
and Sufficiency:

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

Chief Counsel
Department of Water Resources

Director

Date

Approved as to Form:

DESERT WATER AGENCY

General Counsel
Desert Water Agency

General Manager

Date

CEQA Findings of Fact and Statement of Overriding Considerations for the State Water Project Water Supply Contract Amendments for Water Management

Section 1. Description of the Project

The proposed project includes amending certain provisions of the State Water Resources Development System (SWRDS) Water Supply Contracts (Contracts). SWRDS (defined in Wat. Code, Section 12931), or more commonly referred to as the SWP, was enacted into law by the Burns-Porter Act, passed by the Legislature in 1959 and approved by the voters in 1960. The Department of Water Resources constructed and currently operates and maintains the SWP, a system of storage and conveyance facilities that provide water to 29 State Water Contractors known as the Public Water Agencies (PWAs)¹. The Contracts include water management provisions as the methods of delivery, storage and use of water and financial provisions for recovery of costs associated with the planning, construction, and operation and maintenance of the SWP.

DWR and the PWAs have a common interest to ensure the efficient delivery of SWP water supplies and to ensure the SWP's financial integrity. In order to address water management flexibility DWR and the PWAs agreed to the following objectives:

- Supplement and clarify terms of the SWP water supply contract that will provide greater water management regarding transfers and exchanges of SWP water supply within the SWP service area.

The proposed project would add, delete, and modify provisions of the Contracts and clarify certain terms of the Contracts that will provide greater water management regarding transfers and

¹ The State Water Project Public Water Agencies include Alameda County Flood Control and Water Conservation District (Zone 7), Alameda County Water District, Antelope Valley-East Kern Water Agency, City of Yuba City, Coachella Valley Water District, County of Butte, County of Kings, Crestline-Lake Arrowhead Water Agency, Desert Water Agency, Dudley Ridge Water District, Empire West Side Irrigation District, Kern County Water Agency, Littlerock Creek Irrigation District, The Metropolitan Water District of Southern California, Mojave Water Agency, Napa County Flood Control and Water Conservation District, Oak Flat Water District, Palmdale Water District, Plumas County Flood Control and Water Conservation District, San Bernardino Valley Municipal Water District, San Gabriel Valley Municipal Water District, San Geronio Pass Water Agency, San Luis Obispo County Flood Control and Water Conservation District, Santa Barbara County Flood Control and Water Conservation District, Santa Clara Valley Water District, Santa Clarita WA (formerly Castaic Lake WA), Solano County Water Agency, Tulare Lake Basin Water Storage District, and Ventura County Flood Control District.

exchanges of SWP water within the SWP service area. In addition, the proposed project would not build new or modify existing SWP facilities nor change any of the PWA's annual Table A amounts.² The proposed project would not change the water supply delivered by the SWP, as SWP water would continue to be delivered to the PWAs consistent with current Contract terms and all regulatory requirements. The May 20, 2019 AIP is included as Appendix A of the 2020 Partially Recirculated Draft Environmental Impact Report (RDEIR).

Section 2. Findings Required Under CEQA

CEQA requires that the lead agency adopt mitigation measures or alternatives, where feasible, to substantially lessen or avoid significant environment impacts that would otherwise occur. Mitigation measures or alternatives are not required, however, where such changes are infeasible or where the responsibility for the project lies with some other agency. (CEQA Guidelines, Section 15091, sub. (a), (b).)

With respect to a project for which significant impacts are not avoided or substantially lessened, a public agency, after adopting proper findings, may nevertheless approve the project if the agency first adopts a statement of overriding considerations setting forth the specific reasons why the agency found that the project's "benefits" rendered "acceptable" its "unavoidable adverse environmental effects." (CEQA Guidelines, Sections 15093, 15043, sub. (b); see also Pub. Resources Code, Section 21081, sub. (b).)

In seeking to effectuate the substantive policy of CEQA to substantially lessen or avoid significant environmental effects to the extent feasible, an agency, in adopting findings, need not necessarily address the feasibility of both mitigation measures and environmentally superior alternatives when contemplating approval of a proposed project with significant impacts. Where a significant impact can be mitigated to an "acceptable" level solely by the adoption of feasible mitigation measures, the agency, in drafting its findings, has no obligation to consider the feasibility of any environmentally superior alternative that could also substantially lessen or avoid that same impact — even if the alternative would render the impact less severe than would the proposed project as mitigated. (*Laurel Hills Homeowners Association v. City Council* (1978) 83 Cal.App.3d 515, 521; see also *Kings County Farm Bureau v. City of Hanford* (1990) 221 Cal.App.3d 692, 730-731; and *Laurel Heights Improvement Association v. Regents of the University of California* ("Laurel Heights I") (1988) 47 Cal.3d 376, 400-403.)

In cases in which a project's significant effects cannot be mitigated or avoided, an agency, after adopting proper findings, may nevertheless approve the project if it first adopts a statement of overriding considerations setting forth the specific reasons why the agency found that the "benefits of the project outweigh the significant effects on the environment." (Pub. Resources Code, Section 21081, sub. (b); see also, CEQA Guidelines, Sections 15043, subd. (b), 15093.)

² The maximum amount of SWP water that the PWAs can request pursuant to their individual water supply contract. annual Table A amounts also serve as a basis for allocation of some SWP costs among the contractors.

In the Statement of Overriding Considerations found at the conclusion of this exhibit, DWR identifies the benefit that, in its judgment, outweigh the significant environmental effects that the projects would cause.

The California Supreme Court has stated that “[t]he wisdom of approving ... any development project, a delicate task which requires a balancing of interests, is necessarily left to the sound discretion of the local officials and their constituents who are responsible for such decisions. The law as we interpret and apply it simply requires that those decisions be informed, and therefore balanced.” (*Citizens of Goleta* (1990) 52 Cal.3d 553, 564.)

In support of its approval of the proposed project, DWR’s findings are set forth below for the potentially significant environmental effects and alternatives of the proposed project identified in the EIR pursuant to Public Resources Code, Section 21080 and Section 15091 of the CEQA Guidelines.

These findings do not attempt to describe the full analysis of each environmental impact contained in the 2018 DEIR and 2020 RDEIR (collectively referred to in this document as the DEIR). Instead, a full explanation of these environmental findings and conclusions can be found in the DEIR and these findings hereby incorporate by reference the discussion and analysis in the DEIR supporting the determination regarding the impacts of the proposed project. In making these findings, DWR ratifies, adopts and incorporates in these findings the determinations and conclusions of the DEIR and Final EIR (FEIR) relating to environmental impacts except to the extent any such determinations and conclusions are specifically and expressly modified by these findings.

As described below and in the DEIR, there were two significant impacts identified for the proposed project and they were associated with groundwater hydrology and water quality. There were no mitigation measures identified in the DEIR to substantially lessen or avoid the potentially significant and significant groundwater resource impacts of the proposed project. Therefore, a Mitigation Monitoring and Reporting Program was not developed for the proposed project and is not included herein.

Unless otherwise specified, all page references presented herein are to the 2020 RDEIR.

2.1. Significant and Unavoidable Impacts

The following significant and potentially significant environmental impacts of the project are unavoidable and cannot be mitigated in a manner that would lessen the significant impact to below the level of significance. Notwithstanding disclosure of these impacts, DWR elects to approve the project due to overriding considerations as set forth below in Section 7, the statement of overriding considerations.

Impact Category: Groundwater Hydrology and Water Quality

Impact 5.10-1: The increase in groundwater pumping associated with changes in transfers and exchanges implemented by PWAs could substantially deplete groundwater supplies in some areas of the study area. [p. 5.10-17 – 5.10-21]

Finding. It is possible that transfers and exchanges of SWP water among the PWAs could result in benefits to groundwater levels, as transferred or exchanged water could be used instead of groundwater supplies or this water could be used for groundwater recharge. However, it is also possible that transfers and exchanges from agricultural to M&I PWAs could result in an increase in groundwater pumping resulting in a net deficit in aquifer volume or lowering the local groundwater table in some areas of the study area. DWR's conclusion is based on a program-level analysis, as there is uncertainty in the amount of groundwater use that may occur.

Because the Sustainable Groundwater Management Act (SGMA) is in the process of being implemented and because the extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known, assumptions related to the ability of SGMA to mitigate any changes in groundwater levels are speculative.

PWAs could propose feasible mitigation measures to reduce significant impacts to less than significant in some cases, although it is not possible for DWR to conclude that feasible mitigation measures would be available to avoid or mitigate significant groundwater effects in all cases. Per CEQA Guidelines Section 15091(a)(2), implementation and enforcement mitigation measures are within the responsibility and jurisdiction of another public agency and not the agency making the finding.

The extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known. Therefore, it is concluded that the potential increase in groundwater pumping could result in a net deficit in aquifer volume or lowering the local groundwater table. **For these reasons, this impact is significant and unavoidable.**

Impact 5.10-2: The increase in groundwater pumping associated with changes in transfers and exchanges implemented by PWAs could result in subsidence in some of the study area. [p. 5.10-22 – 5.10-25]

Finding. It is possible that transfers and exchanges among the PWAs could result in benefits to groundwater levels, as transferred or exchanged water could be used instead of groundwater supplies or this water could be used for groundwater recharge. However, it is also possible that transfers and exchanges from agricultural to M&I PWAs could result in an increase in groundwater pumping in some areas of the study area causing subsidence due to a net deficit in aquifer volume or lowering the local groundwater table. Because the extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known, it is concluded that groundwater pumping in

some areas of the study area would cause subsidence due to a net deficit in aquifer volume or lowering the local groundwater table and the impact would be potentially significant.

Because SGMA is in the process of being implemented and because the extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known, assumptions related to the ability of SGMA to mitigate any changes in groundwater levels or related subsidence are speculative.

PWAs could propose feasible mitigation measures to reduce significant impacts to less than significant in some cases, although it is not possible for DWR to conclude that feasible mitigation measures would be available to avoid or mitigate significant groundwater effects in all cases. Per CEQA Guidelines Section 15091(a)(2), implementation and enforcement mitigation measures are within the responsibility and jurisdiction of another public agency and not the agency making the finding.

DWR has no information on specific implementation of the transfers and exchanges from the proposed project and it has no authority to implement mitigation measures in the PWA service area. **For these reasons, this impact is significant and unavoidable.**

Section 3. Cumulative Impacts

Cumulative impacts, as defined in Section 15355 of the CEQA Guidelines, refer to two or more individual effects that, when taken together, are “considerable” or that compound or increase other environmental impacts. Cumulative impacts can result from individually minor, but collectively significant, actions when added to the impacts of other closely related past, present, or reasonably foreseeable future projects. Pertinent guidance for cumulative impact analysis is provided in Section 15130 of the CEQA Guidelines.

The DEIR presents the cumulative impact analysis for the proposed project. Each impact discussion in the DEIR assesses whether the incremental effects of the proposed project could combine with similar effects of one or more of the projects identified in the 2020 RDEIR (p.6-2 – 6.14) to cause or contribute to a significant cumulative effect. If so, the analysis considers whether the incremental contribution of the proposed project would be cumulatively significant (p. 6-8 –6-14).

DWR hereby finds that implementation of the proposed project would not result in physical environmental impacts on the following resource areas: hazards and hazardous materials; noise; population, employment and housing; public services and recreation; surface water hydrology and water quality; transportation; and utilities and service systems. Therefore, these resource areas would not contribute to a cumulative effect and would not compound or increase an environmental impact of these other projects.

The cumulative impact analysis associated with the remaining resource areas (aesthetics, agriculture and forest resources, air quality, biological resources, cultural resources, energy, geology and soils, GHG, groundwater hydrology and water quality, land use and planning, and water supply) focused on six types of impacts that were identified as less than significant or

potential impacts of the proposed project that could contribute to cumulative impacts with the cumulative projects (Contract Extension Project, Monterey Amendment and Settlement Agreement, and Sustainable Groundwater Management Act Implementation) identified in the DEIR. The six types of impacts are impacts to groundwater supplies, subsidence, fallowing and changes in crop patterns, energy and Greenhouse Gas (GHG), reservoir storage, and surface water flow above or below diversions. Impacts associated with fallowing and changes in crop patterns, energy and GHG, reservoir storage, and surface water flow above or below diversions were determined to be less than significant with no mitigation required.

Related to groundwater supplies and subsidence, DWR hereby finds as follows:

Groundwater Supplies and Subsidence

Findings. The incremental contribution of the proposed project's effect on groundwater supplies and subsidence would be cumulatively considerable when viewed in connection with the effects of past projects, and current and probable future projects (as full implementation of SGMA is not anticipated until 2040 or 2042). This cumulative impact would be **significant**. PWAs may provide mitigation in their project-level analysis for exchanges and transfers. However, per CEQA Guidelines Section 15091(a)(2), implementation and enforcement mitigation measures are within the responsibility and jurisdiction of another public agency and not the agency making the finding.

Because DWR has no information on specific implementation of the transfers and exchanges from the proposed project and it has no authority to implement mitigation measures in the PWA service area, the cumulative impact would remain **significant and unavoidable**.

Section 4. Significant Irreversible Environmental Changes

According to Sections 15126, subd. (c) and 15126.2, subd. (c) of the CEQA Guidelines, an EIR is required to address any significant irreversible environmental changes that would occur should the proposed project be implemented.

The proposed project would add, delete and modify provisions of the Contracts to clarify terms of the Contracts that will provide greater water management regarding transfers and exchanges of SWP water supply within the service area. The proposed project would not build or modify existing SWP facilities nor change each PWA's contractual maximum Table A amounts. The proposed project would amend and add financial provisions to the Contracts based on the negotiated Agreements in Principle between DWR and the PWAs. Therefore, the proposed project would not result in the commitment of nonrenewable natural resources such as gravel, petroleum products, steel, and slowly renewable resources such as wood products any differently than under existing conditions, and there would be no significant irreversible environmental changes.

Section 5. Growth-Inducing Effects

The CEQA Guidelines Section 15126.2, subd. (d) requires that an EIR evaluate the growth-inducing impacts of a project. As identified in CEQA Section 15126.2(d), growth inducement is not in and of itself an “environmental impact;” however, growth can result in adverse environmental consequences. Growth inducement may constitute an adverse impact if the growth is not consistent with or accommodated by the land use plans and policies for the affected area. Local land use plans, typically General Plans, provide for land use development patterns and growth policies that allow for the “orderly” expansion of urban development supported by adequate urban public services, such as water supply, sewer service, and new roadway infrastructure. A project that would induce “disorderly” growth (i.e., a project in conflict with local land use plans) could indirectly cause adverse environmental impacts. To assess whether a project with the potential to induce growth is expected to result in significant impacts, it is important to assess the degree to which the growth associated with a project would or would not be consistent with applicable land use plans.

In California, cities and counties have primary authority³ over land use decisions, while water suppliers, through laws and agreements, are expected and usually required to provide water service if water supply is available. Approval or denial of development proposals is the responsibility of the cities and counties in the study area. Numerous laws are intended to ensure that water supply planning, including planning for water supply infrastructure, and land use planning (such as the approval of, or establishment of constraints to, development) proceed in an orderly fashion.

The proposed project would not build new or modify existing SWP facilities nor change each PWA’s contractual maximum Table A amounts. As discussed in DEIR Section 5.14, Population, Employment, and Housing, (p. 5.14-2 to 5.14-5) because there would be no new facilities built or existing facilities modified, no housing is proposed as part of the project or required as a result of it, nor would the project provide substantial new permanent employment opportunities. Therefore, the proposed project would not result in direct growth inducement.

Because the proposed project would not result in the construction of new or modification of existing water supply storage, treatment or conveyance facilities it would not remove an obstacle to growth associated with water supply.

As discussed in DEIR Section 5.3 Agricultural and Forestry Resources of the DEIR (p. 5.3-7 to 5.3-9), it is possible that transfers from agricultural to M&I PWAs could result in fallowing of agricultural lands and/or changes in crop patterns (e.g., switching from high water-using crops to low water-using crops) in the study area. It is also possible that exchange of SWP water from agricultural to M&I PWAs could occur. However, these transfers and exchanges and any associated fallowing of agricultural land and/or changes in cropping patterns in the study area would not be anticipated to change the existing agricultural land use designations because the land use would remain in agricultural use. Furthermore, additional water transfers or exchanges

³ Although cities and counties have primary authority over land use planning, there are exceptions to this such as the CEC (with permit authority and CEQA lead agency status for some thermal power plant projects) and the CPUC (with regulatory authority and CEQA lead agency status for certain utility projects).

are not expected to substantially affect the acreage of land fallowed or put into dry farming compared to existing practices for other reasons (e.g., market conditions, economic conditions, etc.). As a result, it would not be anticipated that there would be a change in land uses associated with delivery of SWP water supplies including, conversion of agricultural land uses to urban uses or increased developed uses in urban areas.

While with the proposed amendments transfers and exchanges could be more frequent and longer in duration, they would not be a permanent transfer of a PWAs annual Table A amounts; therefore, it would not represent a viable long-term source of urban water supply to support additional unplanned growth. Therefore, the proposed amendments would not result in additional water supply that could support growth over what is currently planned for in those jurisdictions and the proposed project would not result in indirect growth inducement.

Furthermore, cities and counties are responsible for considering the environmental effects of their growth and land use planning decisions (including, but not limited to, conversion of agricultural land to urban uses, loss of sensitive habitats, and increases in criteria air emissions). As new developments are proposed, or general plans adopted, local jurisdictions prepare environmental compliance documents to analyze the impacts associated with development in their jurisdiction pursuant to CEQA. The impacts of growth would be analyzed in detail in general plan EIRs and in project-level CEQA compliance documents. Mitigation measures for identified significant impacts would be the responsibility of the local jurisdictions in which the growth would occur. If identified impacts could not be mitigated to a level below the established thresholds, then the local jurisdiction would need to adopt overriding considerations.

Section 6. Alternatives

DWR has considered the project alternatives presented and analyzed in the DEIR and presented during the comment period and public hearing process. DWR finds that these alternatives are infeasible. Based on the impacts identified in the DEIR and other reasons summarized below, and as supported by substantial evidence in the record, DWR finds that approval and implementation of the proposed project as proposed is the most desirable, feasible, and appropriate action and hereby rejects the other alternatives and other combinations and/or variations of alternatives as infeasible based on consideration of the relevant factors set forth in CEQA Guidelines Section 15126.6, subdivision (f). (See also CEQA Guidelines, Section 15091, subd. (a)(3).) Each alternative and the facts supporting the finding of infeasibility of each alternative are set forth below.

Alternatives Considered and Dismissed from Further Consideration

The alternative described below was rejected for further consideration (p 7-3 – 7-4).

Implement New Water Conservation Provisions in the Contracts: Agriculture and urban water efficiency, conservation, and management measures are governed by the existing regulatory and legal requirements independent from the proposed project, including Assembly

Bill 1668 and Senate Bill 606. Additional water conservation measures in the Contracts would not provide greater water management regarding transfers and exchanges of SWP water as compared to the proposed project because water conservation is already required. Consequently, these actions are independent from the proposed project and do not meet the basic project objectives. Therefore, amending the Contracts to require implementation of agriculture and M&I water conservation measures was rejected, as these actions are required by state statute and are met by local water agencies under existing law.

Summary of Alternatives Considered

CEQA requires that an EIR describe and evaluate a range of reasonable alternatives to a project or to the location of a project that would feasibly attain most of the basic project objectives and avoid or substantially lessen significant project impacts. The purpose of the alternatives analysis is to determine whether or not a variation of the proposed project would reduce or eliminate significant project impacts within the framework of the project's basic objectives.

The alternatives considered in the DEIR include:

- Alternative 1: No Project
- Alternative 2: Reduce Table A Deliveries
- Alternative 3: Reduced Flexibility in Water Transfers/Exchanges
- Alternative 4: More Flexibility in Water Transfers/Exchanges
- Alternative 5: Only Agriculture to M&I Transfers Allowed

Alternative 1: No Project

Description

CEQA Guidelines section 15126.6, subd. (e) requires consideration of a No Project Alternative. The purpose of this alternative is to allow the decision makers to compare impacts of approving a project with impacts of not approving a project. Under the No Project Alternative, DWR takes no action, and DWR and the PWAs would continue to operate and finance the SWP under the current Contracts.

Facts in Support of Finding of Infeasibility

Alternative 1 would not meet the objective of the project because Alternative 1 does not provide greater water management regarding transfers and exchanges of SWP water supply within the SWP service area and as compared to the proposed project. In addition, impacts under Alternative 1 would be similar but greater when compared to the proposed project. Alternative 1 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Alternative 2: Amending Contract to Reduce Table A Deliveries

Description

Under Alternative 2, as with the proposed project, DWR and the PWAs would agree to amend the Contracts based on the May 20, 2019 AIP. However, unlike the proposed project, the Contracts would be amended to reduce annual Table A amounts proportionately for all the PWAs.

Facts in Support of Finding of Infeasibility

Alternative 2 would not meet the objectives of the project because it would cause a reduction in delivery of annual Table A amounts proportional for all PWAs and would not provide greater water management regarding transfers and exchanges. In addition, impacts under Alternative 2 would be similar but greater when compared to the proposed project. Alternative 2 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Alternative 3: Less Flexibility in Water Transfers/Exchanges

Description

Under Alternative 3, as with the proposed project, DWR and the PWAs would agree to amend the Contracts based on the May 20, 2019 AIP. However, unlike the proposed project, the Contracts would not be amended to modify provisions of the Contracts and clarify certain terms of the Contracts to provide greater water management regarding transfers and exchanges of SWP water supply within the SWP service area. Some increase in flexibility of exchanges and transfers would be agreed to, but not all. For example, Alternative 3 would amend the Contracts to allow PWAs to transfer carryover water in San Luis Reservoir, but only 20 percent of the carryover water (the proposed project allows for 50 percent), allow limited multi-year transfers of five years or less (the proposed project allows for up to the Contract term), and not allow use of Transfer Packages. In addition, unlike the proposed project, PWAs would transfer water based on cost compensation established by DWR. Also, under Alternative 3, the Contracts would not amend the text in Article 56(f) regarding water exchanges to add provisions, such as conducting water exchanges as buyers and sellers in the same year and increasing the compensation allowed to facilitate the exchanges. Therefore, Alternative 3 would result in a similar or slightly less amount of water transfers among the PWAs than the proposed project, due to the less flexibility in water transfers and exchanges.

Facts in Support of Finding of Infeasibility

Alternative 3 would meet the objectives of the project, but to a lesser degree because the water transfers and exchanges would not provide as much water management flexibility regarding transfers and exchanges. In addition, impacts under Alternative 3 would be similar but greater

when compared to the proposed project. Alternative 3 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Alternative 4: More Flexibility in Water Transfer/Exchanges

Description

Under Alternative 4, as with the proposed project, DWR and the PWAs would agree to amend the Contracts. However, unlike the proposed project, the Contracts would be amended to allow PWAs more flexibility in water transfers and exchanges. Similar to the proposed project, PWAs would be able to transfer carryover water in San Luis Reservoir, transfer water for multiple years without permanently relinquishing that portion of their Table A amounts, and transfer water in Transfer Packages. Similar to the proposed project, PWA would be able to transfer water based on terms they establish for cost compensation and duration, and store and transfer water in the same year. Unlike the proposed project that only allows for a single-year transfers associated with carryover water, Alternative 4 would allow transfers and exchanges to include up to 100 percent of a PWA's carryover in San Luis Reservoir and allow multi-year use of its carryover water in both transfers and exchanges. Similar to the proposed project, the proposed exchange provisions of the AIP would establish a larger range of return ratios in consideration of varying hydrology and also maximum compensation with respect to SWP charges and allow PWAs to conduct additional water exchanges as buyers and sellers in the same year.

Facts in Support of Finding of Infeasibility

Alternative 4 would meet the objectives of the project. In addition, Under Alternative 4 the less than significant impacts associated with changes in flow including, adverse effects to special-status fish or terrestrial species, and water supply would be similar to the proposed project. However, similar to the proposed project, there is potential for Alternative 4 to result in a net deficit in aquifer volume, lowering of the local groundwater table, or subsidence in some areas of the study area with impacts that may be significant and unavoidable.

Alternative 5: Greater Water Management – Only Agriculture to M&I Transfers Allowed

Description

Under Alternative 5, as with the proposed project, DWR and the PWAs would agree to amend the Contracts based on the May 20, 2019 AIP.

Unlike the proposed project, DWR and PWAs would amend Contract provisions to allow the transfer of Table A water only from agricultural PWAs to M&I PWAs and not change any current Contract provisions for exchanges. Transfers from M&I PWAs to M&I PWAs, M&I PWAs to agricultural PWAs, and agricultural PWAs to agricultural PWAs would not be allowed. Similar to

the proposed project, PWAs could transfer carryover water in San Luis Reservoir to PWAs, transfer water for multiple years without permanently relinquishing that portion of their Table A amounts and request DWR's approval of Transfer Package; however, unlike the proposed project, these transfers would only be from agricultural PWAs to M&I PWAs. Similar to the proposed project, Alternative 5 would revise the Contract to allow the PWAs to transfer water based on terms they establish for cost compensation and duration. An agricultural PWA would be able to store and transfer water in the same year to M&I PWAs, and transfer up to 50 percent of its carryover water, but only for a single-year transfer to an M&I PWA (i.e., a future or multi-year commitment of transferring carryover water is not allowed). Under Alternative 5, the Contracts would not be amended to modify the text in Article 56(f) regarding water exchanges to include additional provisions, such as conducting water exchanges as buyers and sellers in the same year.

Similar to the proposed project, Alternative 5 would not build new or modify existing SWP facilities nor change any of the PWA's contractual maximum Table A amounts. Also similar to the proposed project, Alternative 5 would not change the water supply delivered by the SWP as SWP water supply would continue to be delivered to the PWAs consistent with current Contracts terms, including Table A and Article 21 deliveries. Operation of the SWP under this alternative would be subject to ongoing environmental regulations including for water rights, water quality and endangered species protection, among other State and federal laws. Also similar to the proposed project, Alternative 5 would not require additional permits or approvals.

Facts in Support of Finding of Infeasibility

Alternative 5 would meet some of the objectives of the project, but to a lesser degree because the water transfers and exchanges would not provide as much water management flexibility regarding transfers and exchanges. In addition, impacts under Alternative 5 would be similar but greater when compared to the proposed project. Alternative 5 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Environmentally Superior Alternative

CEQA Guidelines Section 15126.6 subd. (e) requires the identification of an environmentally superior alternative to the proposed project.

As presented in the DEIR, implementation of the proposed project would result in less than significant or no physical environmental impacts to all resource areas except for impacts related to groundwater supplies and subsidence, which are significant and unavoidable.

Alternative 4 would result in similar impacts as the proposed project (e.g., net deficit in aquifer volume, lowering of the local groundwater table, or subsidence in some areas of the study area). Alternatives 1, 2, 3, and 5 could result in impacts similar or greater (new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project) than the proposed project. Therefore, because the

proposed project and Alternative 4 would result in similar impacts and the other alternatives may result in similar or greater impacts, Alternative 4 was determined to be the environmentally superior alternative.

Section 7. Statement of Overriding Considerations

DWR hereby declares that, pursuant to CEQA Guidelines Section 15093, it has balanced the benefits of the proposed project against any unavoidable environmental impacts in determining whether to approve the proposed project. Pursuant to the CEQA Guidelines, if the benefits of the proposed project outweigh the unavoidable adverse environmental impacts, those impacts may be considered “acceptable.”

Having evaluated the reduction of adverse significant environmental effect of the proposed project to the extent feasible, considered the entire administrative record on the Project, and weighed the benefits of the proposed project against its unavoidable adverse impact, DWR has determined that each of the following benefits of the proposed project separately and individually outweigh the potential unavoidable adverse impacts and render those potential adverse impacts acceptable based upon the following overriding considerations. The following represents the specific reasons to support this determination based on the final EIR and information contained therein.

Water Transfers

The proposed project would add, delete, and modify provisions of the Contracts and clarify certain terms of the Contracts that will provide greater water management regarding transfers and exchanges of SWP water within the SWP service area.

The transfer provisions of the proposed project would facilitate the PWAs ability to:

- Transfer SWP water for multiple years and multiple parties without permanently relinquishing that portion of their annual Table A amounts;
- negotiate cost compensation and duration among the PWAs on a willing seller-willing buyer basis for water transfers; and
- Transfer SWP water stored outside of the transferring PWA’s service area to the receiving PWA’s service area

All these proposed transfer provisions would provide the PWAs with increased flexibility for short-term and long-term planning and management of their SWP water supplies. The proposed project, however, would not include any change to the PWA’s permanent annual Table A amounts.

Since the Monterey Amendment, DWR has approved short-term water transfers pursuant to Articles 15(a) and 41, and has administered the short-term Turn-Back Water Pool Program pursuant to Article 56 of the Contracts. The Turn-Back Water Pool Program allows a PWA to sell Table A water that it will not use, subject to certain conditions, for a set price that is either 50

percent or 25 percent of the Delta Water Rate for that year. DWR has also administered, on a demonstration basis, a multi-year water pool program for 2013-2014 and 2015-2016 that allowed PWAs to participate in the two-year program as either a buyer or seller for each of the two years (a decision made at the beginning of each of the two-year programs) with greater compensation for the water than allowed under the Turn-Back Water Pool Program. DWR has allowed transfers of Table A water among two PWAs with the same landowner in their respective service areas that do not include an exchange of money.

The proposed project would remove all language related to the Turn-back Pool from the Contracts and, compared to the Turn-Back Water Pool Program where DWR established the price based on the Delta water rate, the proposed project would revise the Contracts to allow the PWAs to transfer water based on terms they establish for cost compensation and duration. Also, in contrast to the Turn-Back Water Pool Program, a water transfer could be as long as the remainder of the term of the PWA's Contract. In addition, a PWA would be able to store and transfer water in the same year, and transfer up to 50 percent of its carryover water in San Luis Reservoir, but only for a single-year transfer (i.e., a future or multi-year commitment of transferring carryover water is not allowed).

The proposed amendments would result in a greater amount of water transfers among the PWAs than under the current Contract provisions. Based on past experience and discussions with PWAs, most water transfers that occur due to the proposed amendments would occur among the PWAs located south of the Delta and would not involve additional export of SWP water from the Delta. Water transfers would be implemented using the existing physical facilities and existing operational and regulatory processes, including CEQA compliance.

Water Exchanges

The proposed project would amend the text in Article 56(f) regarding water exchanges to include additional provisions. The proposed exchange provisions of the AIP would establish return ratios (up to a 5:1 ratio) based on a consideration of varying hydrology and would set compensation based on a PWA's SWP charges.

The proposed amendments would allow PWAs to exchange carryover water in San Luis Reservoir, and exchange up to 50 percent of their carryover water in a single-year transaction (i.e., a future or multi-year commitment of exchanging carryover water is not allowed). The proposed provisions would also allow PWAs to conduct water exchanges of carryover water as buyers and sellers in the same year.

While DWR has approved water exchanges pursuant to Articles 15(a), 41, and 56(f), the proposed project would provide the PWAs with increased flexibility for short-term and long-term planning of water supplies. Under the proposed project, exchanges may be used more frequently to respond to variations in hydrology, such as wet years, and in single dry-year and multiple dry-year conditions.

Acronyms and Glossary

AIP	Agreement in Principle
CEQA	California Environmental Quality Act
CFR	Code of Federal Regulations
Contracts	Water Supply Contracts
DEIR	Draft Environmental Impact Report
DWR	California Department of Water Resources
EIR	Environmental Impact Report
FEIR	Final EIR
PRC	California Public Resources Code
PWAs	Public Water Agencies
RDEIR	Recirculated Draft Environmental Impact Report
SGMA	Sustainable Groundwater Management Act
SWC	State Water Contractors
SWP	State Water Project

Water Management Tools Contract Amendment

Desert Water Agency

November 3, 2020



Presentation Outline

- Proposed Board Action
- Review Negotiation Objectives
- Review PWAs Issues to be Resolved During Negotiations
- Review Key Provisions in the SWP Water Management Tools (WMT) Contract Amendment

Board Action

- Approve the execution of the State Water Project Contract Amendment for enhanced Water Management Tools and Actions
- Make appropriate CEQA Findings and adopt CEQA Findings and Statement of Overriding Considerations.

Negotiated Objective

- DWR and PWAs Negotiated Objective:
 - 1) Supplement and clarify terms of the SWP water supply contract that will provide greater water management regarding transfers and exchanges of SWP water within the SWP service area

PWAs Issues to be Resolved During Negotiations

- Existing contract limits the means (Turnback Pool) by which a PWA can transfer annual Table A Water
- Existing Contract prohibits PWAs from transferring or exchanging project water stored outside of the PWAs service area
- Need for greater certainty and flexibility for annual and multi-year transfers and exchanges between PWAs
- Existing contract prohibits PWAs from storing project water outside the PWAs service area and transferring water in the same year, effectively taking away flexibility for those PWAs entering multi-year transfers from storing a portion of their water during the term of those multi-year transfers
- Contract is vague on determination of exchange ratios, resulting in disagreements between PWAs and DWR

Key WMT Contract Provisions

- Outline of Agreement in Principle (AIP):
 1. Water Transfers
 2. Water Exchanges
 3. Water Transfers & Exchanges, including Transfers and Exchanges of Carryover Water in San Luis Reservoir
 4. PWA Due Diligence (Transparency)
 5. Stored Water/Carryover Water
- Amended Contract Articles:
 - Amended current Article 21 and 56
 - Added new Article 57

Water Transfers

- Eliminates the Turnback Pool
- Non-permanent transfers of project water allowed
- Creates new flexibility for non-permanent transfers, including allowing PWAs to:
 - Determine the duration (single or multi-year agreements)
 - Determine terms of compensation for transfers
 - Execute Transfer Packages (two or more transfer agreements presented to DWR for approval)
 - Transfer water stored outside their service territory directly to other PWAs.

Water Exchanges

- Establishes clear criteria for exchanges to provide more clarity.
- Permits consideration of hydrology under a bona fide exchange and will include the following criteria for return ratios:
 - For SWP allocations $\geq 50\%$, return ratio is up to 2: 1
 - For SWP allocations > 25 and $< 50\%$, return ratio is up to 3: 1
 - For SWP allocations $>15\%$ and $\leq 25\%$, return ratio is up to 4: 1
 - For SWP allocations $\leq 15\%$, return ratio is up to 5:1
- **SWP allocation** at the time the exchange transaction is executed between the PWAs
- Water must be returned within 10 years (State may approve extension)

Water Exchanges

Cost Compensation

Sum of PWAs Fixed Charges for Conservation,
Transportation, and CA WaterFix Facilities
(capital and minimum charges including capital surcharges)

$\$/AF =$

Maximum
Compensation

PWAs allocation of Table A water set by the SWP
allocation which has incorporated the May 1 monthly
Bulletin 120 runoff forecast

Transfers and Exchanges

- PWAs may be:
 - Both buyer and sellers in the same year
 - Enter into multiple transfers/exchanges in the same year
- Article 21 Transfers
 - Allowable for Tulare Lake Basin Water Storage District, Empire Westside Irrigation District, Oak Flat Water District, and Kings County
 - Allowable for other PWAs with DWR Director Approval

Transfers and Exchanges

- Basic Criteria Requirement*:
 1. Must be transparent
 2. Must not harm non-participating PWAs
 3. Must not create significant adverse impacts in a PWA service area
 4. Shall comply with all applicable laws and regulations
 5. Shall be scheduled only if they do not impact normal SWP operations
 6. Shall not impact the financial integrity of the SWP

*If requested by the DWR Director with respect to any confirmation of Basic Criteria for Transfers, Exchanges and Carryover Water, the PWA shall cooperate with DWR in providing DWR with information supporting the basis for the confirmation or basic criteria.

Transfers and Exchanges

- Exceptions
 - PWA may petition the Director for an exception in the following cases:
 1. Transfer or exchange does not meet the basic criteria; compelling need to proceed
 2. PWA that has received water in a transfer or exchange cannot deliver all of the water from the transaction in the same calendar year, and wishes to carry over the water in its name

Transfers and Exchanges

- Dispute Resolution
 - **Trigger:** Non-participating PWA claims that transfer/exchange will have a significant adverse impact prior to DWR approving transfer/exchange agreement
 - **Process:**
 1. PWAs attempt to resolve dispute
 2. Not resolved by PWAs, DWR convenes a Group
 3. Two weeks prior to convening Group, submit written documentation to support claim and proposed solution
 4. Not resolved by Group, DWR Director will decide resolution

Due Diligence (Transparency)

- PWA participating in transfer/exchange of Table A Water or the use of Stored Water/Carryover Water shall confirm in resolution or appropriate document the following:
 1. PWA has complied with all applicable laws for this transfer/exchange and shall specify the notices that were provided to the public agencies and the public regarding the proposed transfer or exchange.
 2. PWA has provided to all State Water Project PWAs and the SWC Water Transfer Committee all relevant terms of the transfer/exchange.
 3. PWA is informed and believes that this transfer/exchange will not harm other SWP PWAs, or impact SWP operations.
 4. PWA is informed and believes that the transfer/exchange will not affect its ability to make all payments, including payments for its share of the financing costs of DWR's Central Valley Project Revenue Bonds, when due, under its water supply contract.
 5. PWA has considered the potential impacts of the transfer/exchange within the PWA's service area.

Stored Water/Carryover Water

Store and Transfer SWP Water in the Same Year

- Amendment allows PWAs to:
 - Store and transfer Table A water in the same year
 - Transfer or exchange Table A water stored outside of the PWAs service area to another PWA for use in that PWA's service area :
 - [Groundwater Storage Program](#) – any Table A water stored on or after the WMT effective date
 - [Project Surface Conservation Facilities](#) – 50% of the PWAs Article 56 Carryover Water
 - [Non-project Surface Storage Facilities](#) – per the contract executed between PWAs

Carryover Water Program

Water stored under Article 56 in project surface conservation facilities

Receiving PWA Criteria:

1. Carryover water may only be exchanged or used in single-year transfers
2. PWA purchasing the carryover water must take delivery, in its service areas, unless an exemption is granted
3. PWA may transfer or exchange up to 50% of its carryover water
4. PWA may transfer/exchange greater than 50% of its carryover water, if the PWA demonstrate that the transfer or exchange of carryover water will not prevent it from meeting critical water needs in the current year or the following year and obtain approval by DWR Director
5. All transfer and exchange of carryover water are subject to the “Transparency Process Amongst SWP PWAs for Transfers and Exchanges”
6. PWA receiving the water must confirm that the PWA has a need for that water for use within its service area during the current year unless an exception is granted

November 3, 2020

Implementation Language

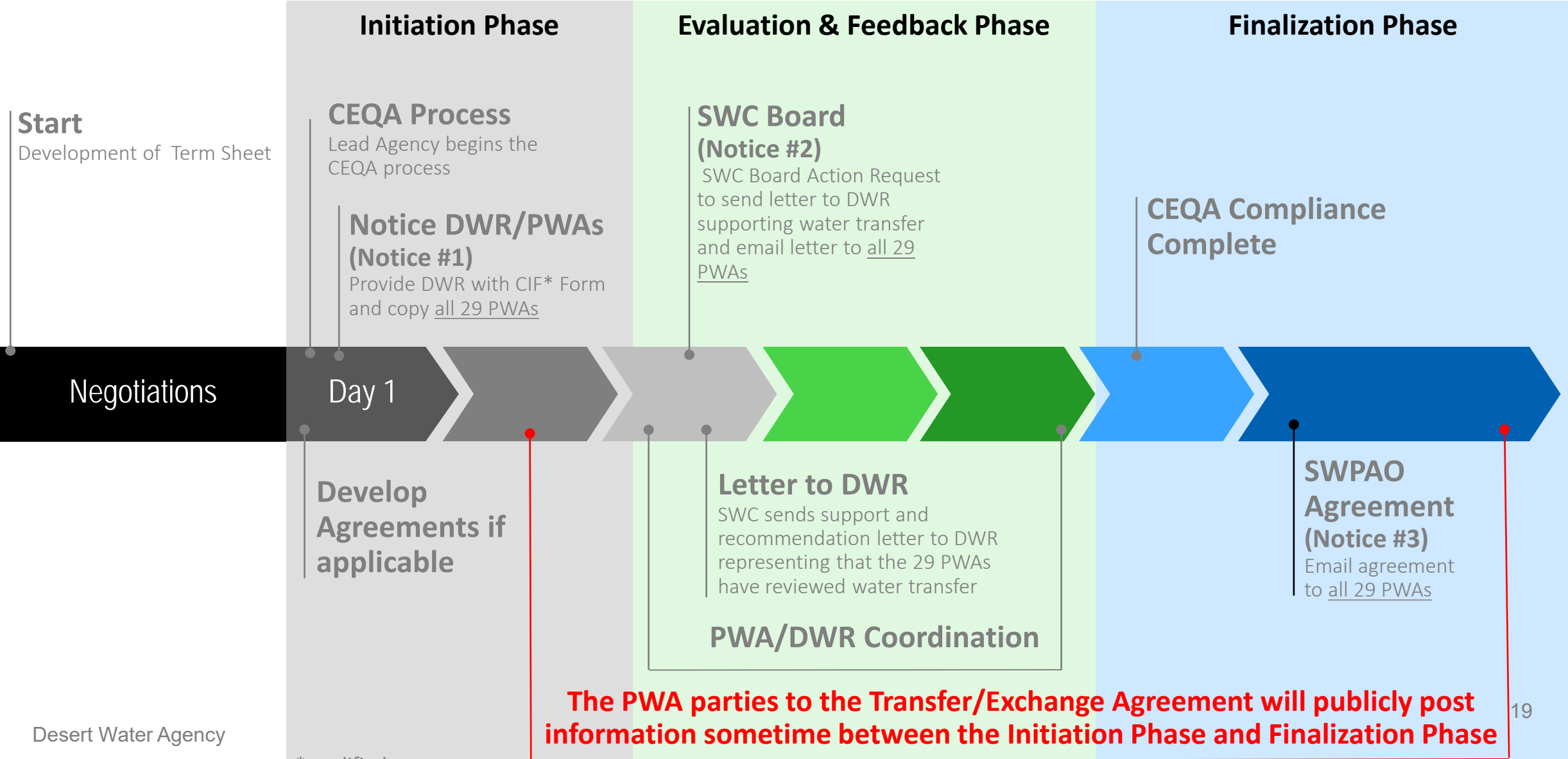
- Goes into effect on the last day of the month in which 24 or more contractors have executed it
- If a court determines portions are invalid, State and at least 24 contractors must agree that remaining provisions are still in effect
- If 24 contractors have not signed by February 28, 2021, State may waive the 24-contractor requirement and implement
- If a contractor does not execute the amendment within 60 days of the amendment going into effect, then it will not take effect as to such contractor unless DWR subsequently agrees(in its discretion)



Questions

Transparency Process Amongst SWP PWAs for Transfers and Exchanges

This process only applies to transactions between PWAs that are required to be approved by DWR, excluding transfers or exchanges by a single landowner from one PWA service area to another PWA service area



**STAFF REPORT
TO
DESERT WATER AGENCY
BOARD OF DIRECTORS**

NOVEMBER 3, 2020

**RE: REQUEST AUTHORIZATION TO PARTICIPATE IN THE 2020-2021
UNITED STATES GEOLOGICAL SURVEY COOPERATIVE WATER
RESOURCES PROGRAM**

Attached for your review is a letter dated September 1, 2020 from the United States Geological Survey ("USGS"), which outlines the cost for Agency participation in the 2020-2021 Cooperative Water Resources Program. As in previous years, the Agency, along with Coachella Valley Water District, the Riverside County Flood Control and Water Conservation District ("Agencies") and the USGS will share the costs for the operation and maintenance of a number of stream gaging facilities, as well as a ground and surface water quality program.

The amount requested for the 2020-2021 test year is \$84,280 and covers the operation and maintenance costs for 12 gaging stations (\$77,440) and the cost of ground water and surface water quality sampling (\$6,840).

This year is unique, there are changes to the Joint Funding Agreement. The agreement now ends on September 30, so the calculated costs for all work is for eleven months instead of twelve. This reduces the Agency's total cost compared to last year (\$84,280 vs. \$88,965); however, the monthly cost did increase from \$7,413.75 to \$7,661.82, or approximately 3.3%.

Another major change going forward is the amount of Customer Matching Funds (CMF) the Agency will be receiving. Last year, the Agency received \$36,050 in matching funds. This year, the total matching fund dropped to \$33,305. According to a USGS representative, the matching fund will remain at \$33,305 for future years and will not increase unless the Federal Government decides to increase the funding. This will change the cost share ratio, increasing the Agencies share percent. In past years, the cost share ratio was approximately 60:40 (Agencies to USGS), with the USGS absorbing about 10% of the administration costs per gaging station.

Staff wishes to continue participation in the USGS Cooperative Water Resources Program in order to maintain the monitoring of our water supplies and uses throughout the upper Coachella Valley, and requests Board approval of the Agency's participation in the 2020-2021 program in the amount of \$84,280.



United States Department of the Interior

U.S. GEOLOGICAL SURVEY
California Water Science Center
6000 J Street, Placer Hall
Sacramento, CA 95819

September 1, 2020

Mr. Mark Krause
General Manager
Desert Water Agency
PO Box 1710
Palm Springs, CA 92263

Dear Mr. Krause:

Attached is the Joint Funding Agreement (JFA) 21ZGJFA01200, signed by our agency, for your approval to enact the cost changes to the project(s) California Water Science Center Water Resources Investigations, during the period November 1, 2020 through September 30, 2021 in the amount of \$84,280 from your agency. U.S. Geological Survey contributions for this agreement are \$33,305 for a combined total of \$117,585. If you are in agreement with this proposed program, please return the fully executed electronically signed copy to CAgageADMIN@usgs.gov (preferred) or send one fully executed paper copy to Janee Hiatt at the address in the letter head. Please sign and return one fully-executed original to Janee Hiatt at the address above.

Federal law requires that we have a signed agreement before we start or continue work. Please return the signed agreement by **November 1, 2020**. If, for any reason, the agreement cannot be signed and returned by the date shown above, please contact R. Scott Patterson by phone number (858) 679-4015 or email rspatter@usgs.gov to make alternative arrangements.

This is a fixed cost agreement to be billed quarterly via Down Payment Request (automated Form DI-1040). Please allow 30-days from the end of the billing period for issuance of the bill. If you experience any problems with your invoice(s), please contact Janee Hiatt at phone number (916) 278-3001 or email at jdhiatt@usgs.gov.

The results of all work performed under this agreement will be available for publication by the U.S. Geological Survey. We look forward to continuing this and future cooperative efforts in these mutually beneficial water resources studies.

Sincerely,

Eric Reichard
Director, USGS California Water Science Center

Enclosure
21ZGJFA01200

Desert Water Agency

Attachment for 21ZGJFA01200

11/1/2020 to 9/30/2021

SURFACE WATER

SITE NUMBER & DESCRIPTION	FUNDS		
	USGS	COOP	TOTAL
10256000 WHITEWATER R A WHITE WATER CA Full Range Streamflow Station		\$1,925	\$1,925
10256500 SNOW C NR WHITE WATER CA Full Range Streamflow Station	\$2,450	\$4,810	\$7,260
10256501 SNOW C AND DIV COMBINED CA AVM quality assurance check-review	\$500	\$1,355	\$1,855
10256550 SNOW C DIV NR WHITE WATER CA Review of furnished stage	\$500	\$1,355	\$1,855
10257499 FALLS C DIV NR WHITE WATER CA AVM quality assurance check-review	\$500	\$1,355	\$1,855
10257500 FALLS C NR WHITE WATER CA Full Range Streamflow Station	\$2,450	\$4,810	\$7,260
10257501 COMBINED FLOW FALLS C NR WHITE WATER + DIV CA AVM quality assurance check-review	\$500	\$1,355	\$1,855
10257548 WHITEWATER R A WINDY POINT MAIN CHANNEL CA Miscellaneous surface water	\$500	\$1,355	\$1,855
10257549 WHITEWATER R A WINDY POINT OVERFLOW CHANNEL CA Miscellaneous surface water	\$500	\$1,355	\$1,855
10257550 WHITEWATER R A WINDY PT NR WHITE WATER CA Full Range Streamflow Station	\$2,450	\$4,810	\$7,260
10257720 CHINO CYN C BL TRAMWAY NR PALM SPRINGS CA Full Range Streamflow Station	\$2,450	\$4,810	\$7,260
10258000 TAHQUITZ C NR PALM SPRINGS CA Full Range Streamflow Station	\$2,450	\$4,810	\$7,260
10258700 MURRAY CYN C NR PALM SPRINGS CA Full Range Streamflow Station		\$12,055	\$12,055
10259000 ANDREAS C NR PALM SPRINGS CA Full Range Streamflow Station	\$2,450	\$4,810	\$7,260
10259050 PALM CYN WASH NR CATHEDRAL CITY CA Full Range Streamflow Station	\$2,450	\$4,810	\$7,260
10259100 WHITEWATER R A RANCHO MIRAGE CA Full Range Streamflow Station	\$3,665	\$7,220	\$10,885
10259200 DEEP C NR PALM DESERT CA Full Range Streamflow Station	\$3,665	\$7,220	\$10,885
10259300 WHITEWATER R A INDIO CA Full Range Streamflow Station	\$3,665	\$7,220	\$10,885
-77440			
Total:	\$31,145	\$77,440	\$108,585

SITE NUMBER & DESCRIPTION	FUNDS		
	USGS	COOP	TOTAL
10256000 WHITEWATER R A WHITE WATER CA			
Annual QW monitoring		\$750	\$750
10256500 SNOW C NR WHITE WATER CA			
Annual QW monitoring		\$750	\$750
10257720 CHINO CYN C BL TRAMWAY NR PALM SPRINGS CA			
Annual QW monitoring		\$750	\$750
335231116345401 003S004E29R001S			
Annual QW monitoring	\$240	\$510	\$750
335304116353001 003S004E29F001S			
Annual QW monitoring	\$240	\$510	\$750
335318116363301 003S004E30C001S			
Annual QW monitoring	\$240	\$510	\$750
335339116345301 003S004E20J001S			
Annual QW monitoring	\$240	\$510	\$750
335339116345302 003S004E20J002S			
Annual QW monitoring	\$240	\$510	\$750
335339116345303 003S004E20J003S			
Annual QW monitoring	\$240	\$510	\$750
335348116352701 003S004E20F001S			
Annual QW monitoring	\$240	\$510	\$750
335348116352702 003S004E20F002S			
Annual QW monitoring	\$240	\$510	\$750
335348116352703 003S004E20F003S			
Annual QW monitoring	\$240	\$510	\$750
<hr/>			
	Total:	\$2,160	\$6,840
			\$9,000
<hr/>			
	GRAND TOTAL:	\$33,305	\$84,280
			\$117,585

**U.S. Department of the Interior
U.S. Geological Survey
Joint Funding Agreement
FOR
Water Resource Investigations**

**Customer #: 6000000847
Agreement #: 21ZGJFA01200
Project #: ZG00GZV
TIN #: 95-2408471**

Fixed Cost Agreement YES[X] NO[]

THIS AGREEMENT is entered into as of the November 1, 2020, by the U.S. GEOLOGICAL SURVEY, California Water Science Center, UNITED STATES DEPARTMENT OF THE INTERIOR, party of the first part, and the Desert Water Agency party of the second part.

1. The parties hereto agree that subject to the availability of appropriations and in accordance with their respective authorities there shall be maintained in cooperation Water Resource Investigations (per attachment), herein called the program. The USGS legal authority is 43 USC 36C; 43 USC 50, and 43 USC 50b.

2. The following amounts shall be contributed to cover all of the cost of the necessary field and analytical work directly related to this program. 2(b) include In-Kind-Services in the amount of \$0.00

- (a) \$33,305.00 by the party of the first part during the period
November 1, 2020 to September 30, 2021
- (b) \$84,280.00 by the party of the second part during the period
November 1, 2020 to September 30, 2021
- (c) Contributions are provided by the party of the first part through other USGS regional or national programs, in the amount of: \$0

Description of the USGS regional/national program:

- (d) Additional or reduced amounts by each party during the above period or succeeding periods as may be determined by mutual agreement and set forth in an exchange of letters between the parties.
- (e) The performance period may be changed by mutual agreement and set forth in an exchange of letters between the parties.

3. The costs of this program may be paid by either party in conformity with the laws and regulations respectively governing each party.

4. The field and analytical work pertaining to this program shall be under the direction of or subject to periodic review by an authorized representative of the party of the first part.

5. The areas to be included in the program shall be determined by mutual agreement between the parties hereto or their authorized representatives. The methods employed in the field and office shall be those adopted by the party of the first part to insure the required standards of accuracy subject to modification by mutual agreement.

6. During the course of this program, all field and analytical work of either party pertaining to this program shall be open to the inspection of the other party, and if the work is not being carried on in a mutually satisfactory manner, either party may terminate this agreement upon 60 days written notice to the other party.

7. The original records resulting from this program will be deposited in the office of origin of those records. Upon request, copies of the original records will be provided to the office of the other party.

8. The maps, records or reports resulting from this program shall be made available to the public as promptly as possible. The maps, records or reports normally will be published by the party of the first part. However, the party of the second part reserves the right to publish the results of this program, and if already published by the party of the first part shall, upon request, be furnished by the party of the first part, at cost, impressions suitable for purposes of reproduction similar to that for which the original copy was prepared. The maps, records or reports published by either party shall contain a statement of the cooperative relations between the parties. The Parties acknowledge that scientific information and data developed as a result of the Scope of Work (SOW) are subject to applicable USGS review, approval, and release requirements, which are available on the USGS Fundamental Science Practices website (<https://www.usgs.gov/about/organization/science-support/science-quality-and-integrity/fundamental-science-practices>).

**Form 9-1366
(May 2018)**

**U.S. Department of the Interior
U.S. Geological Survey
Joint Funding Agreement
FOR**

**Customer #: 6000000847
Agreement #: 21ZGJFA01200
Project #:
TIN #: 95-2408471**

Water Resource Investigations

9. Billing for this agreement will be rendered quarterly. Invoices not paid within 60 days from the billing date will bear Interest, Penalties, and Administrative cost at the annual rate pursuant the Debt Collection Act of 1982, (codified at 31 U.S.C. § 3717) established by the U.S. Treasury.

USGS Technical Point of Contact

Name: R. Scott Patterson
Supervisory Hydrologic Technician
Address: 12110 Tech Center Drive
Poway, CA 92064
Telephone: (858) 679-4015
Fax: (858) 679-4019
Email: rspatter@usgs.gov

Customer Technical Point of Contact

Name: Mark Krause
General Manager
Address: PO Box 1710
Palm Springs, CA 92263
Telephone: (760) 323-4971
Fax:
Email: mkrause@dwa.org

USGS Billing Point of Contact

Name: Janee Hiett
Budget Analyst
Address: Placer Hall 6000 J Street
Sacramento, CA 95819
Telephone: (916) 278-3001
Fax: (916) 278-3070
Email: jdhiett@usgs.gov

Customer Billing Point of Contact

Name: Steve Johnson
Asst. General Manager
Address: 1200 S Gene Autry Trail
Palm Spring, CA 92264
Telephone: (760) 323-4971 Ext 140
Fax:
Email: sjohnson@dwa.org

**U.S. Geological Survey
United States
Department of Interior**

Desert Water Agency

Signature

Signatures

By _____ Date: _____
Name: Eric Reichard
Title: Director, USGS California Water Science Center

By _____ Date: _____
Name:
Title:

By _____ Date: _____
Name:
Title:

By _____ Date: _____
Name:
Title:

**STAFF REPORT
TO
DESERT WATER AGENCY
BOARD OF DIRECTORS**

NOVEMBER 3, 2020

RE: REQUEST APPROVAL OF THE AGREEMENT BETWEEN ERNST & YOUNG, LLP AND DESERT WATER AGENCY FOR THE ASSESSMENT OF STATE WATER PROJECT EAST BRANCH ENLARGEMENT AND IMPROVEMENT ALLOCATION PERCENTAGES USED IN THE EAST BRANCH ENLARGEMENT CALCULATION OF COST

Since signing our contract with the Department of Water Resources (DWR), Desert Water Agency (DWA) has been allocated costs for the East Branch of the State Water Project (SWP). Since that time DWA has made several changes to its supply, changing its point of diversion to facilitate delivery of its supplies to Metropolitan Water District (MWD) for exchange, increasing its permanent Table A supply from 38,100 acre-feet to 55,750 acre-feet and through purchases of additional Table A and entering into an agreement for the temporary transfer of 100,000 acre-feet of Table A (DWA's portion, 11,900 acre-feet). Other East Branch Contractors have made similar changes affecting their allocation of costs. Following the execution of our original contract with DWR the East Branch Enlargement (EBE) project was undertaken between 1967 and 1972 to increase the capacity of the East Branch.

The cost allocation adjustment methodology used by DWR as a result of these changes has been an unresolved issue between the East Branch Contractors and DWR for decades. In 1994 DWR developed an interim cost allocation methodology for review by the participating contractors. Due to other priorities, the methodology was not approved by all parties involved and has remained that way to the present day. A brief history of the East Branch Enlargement milestones is attached to provide information on the evolution of this issue.

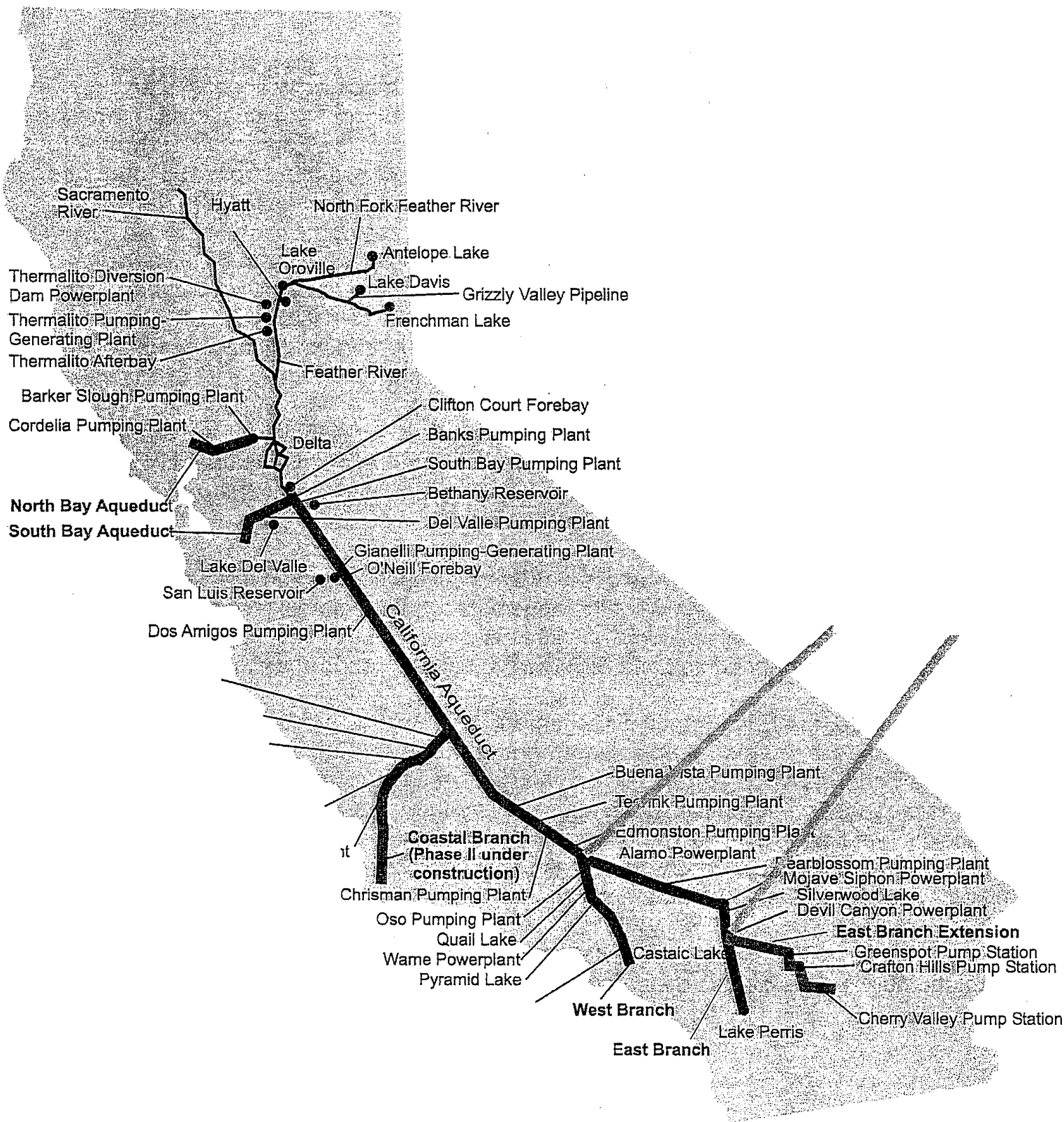
DWR has renewed its efforts to settle this cost allocation issue as a necessary first step in resolving other broader financial issues involving all of the State Water Contractors. This renewed effort has been ongoing for the last few years. Under the current cost allocation methodology, charges allocated to DWA do not agree with the proposed cost allocation methodology. Because we requested our point of diversion be moved downstream, DWA now uses more East Branch facilities and because we have increased our Table A Amount we use more capacity than originally contracted. Our actual costs and benefits have increased without being billed for some of the increases. Instead other East Branch Contractors have paid those increased costs.

The costs calculations have not been finalized by DWR. However preliminary estimates show we owe several million dollars for costs that were not collected (in excess of 5 million dollars). The cost adjustment to our annual SWP Statement of Charges will also be increased going forward.

The analysis is quite complicated, involving estimated cost share of facilities based on flow capacity and volumes and on the accounting principles used by DWR. The new allocation affects the cost allocation of all East Branch Contractors. CVWD also has unresolved deferred costs and has for this reason, solicited the services of Ernst & Young, LLP (E&Y) to review DWR's cost allocation method to determine if DWR is allocating costs in accordance with our contracts and applying standard practices and methodologies to the calculation. E&Y was selected for this analysis because they regularly prepare audits of the SWP and they are very familiar with DWRs accounting practices and methodologies. CVWD has requested DWA's financial participation with E&Y service costs.

CVWD has executed an agreement identical to the one proposed for DWA (see attached). It is being proposed that DWA split the cost of this project equally with CVWD (Exhibit C-1, Statement of Work is attached). The fee for completing all procedures as described in Exhibit C-1 is not to exceed \$39,100.

Staff requests authorization for the General Manager to execute the agreement between Ernst & Young, LLP, for the assessment of the East Branch Enlargement and Improvement Allocation Percentages used in the East Branch Enlargement calculation for a cost not to exceed \$39,100. The expected completion date is February 2021.



History of the East Branch Enlargement

1966-Agreement between DWR and MWDSC authorized increasing capacity by improving and enlarging the East Branch.

1967-1972-Construction of the East Branch Enlargement, including improvements.

1986-Amendments to the WSC executed for the participating 7 enlargement contractors. Crestline Lake Arrowhead, Littlerock, San Gabriel, and San Gorgonio opted not to participate in the Enlargement.

EBE Participating Contractor	Amendment No to Water Supply Contract	Date of Execution	CFS
AVEK	15	June 6, 1986	
Coachella	11	June 11, 1986	
Desert	11	June 16, 1986	
Mojave	13	June 11, 1986	
Palmdale	11	May 27, 1986	
San Bernardino	12	Sept 15, 1986	
Metropolitan	19, 21	April 8, 1986, March 6, 1987	21-For Bypass 300 cfs

The WSC amendments provide for financing, construction, operation, maintenance, and repayment of the Enlargement. Financing for the capital costs of EBE is separate from other SWP financing, and only participating contractors share in repayment in proportion to their share of Enlargement capacity in each repayment reach. Per the Amendments,

1979-1998 (Majority of work done in 1986-1996)-The Enlargement Facilities were to be constructed in stages, with the first stage increasing the Enlargement capacity by 750 cfs, and the second stage would increase the capacity from about 1,500 cfs to 1,663 cfs, depending on the specific reach of the East Branch Enlargement Facilities.

1987-The Amendments allowed for each participating contractor to repay a portion or all shares of capital costs by advance payment in lieu of participating in the revenue bond financing. In 1987, San Bernardino elected to pay a \$2.2 million portion of its allocated costs in advance. No other participating contractor elected to use this advance payment option.

1994- DWR developed an interim cost allocation methodology for review by the participating contractors. Due to other higher priorities, the methodology was not approved by all parties involved.

2000-After several iterations, DWR released the East Branch Enlargement Cost Reallocation Methods Final Report, September 2000 for the participating contractors' concurrence. The input from the participating contractors was "put on a back burner" recognizing that DWR had an interim methodology in place.

NOW- The cost allocation methodology needs to be finalized and agreed upon by all the parties involved. Two reasons are highlighted - 1) The East Branch Enlargement is part of a bigger effort for SWP Reconciliation and reallocating costs accurately, and 2) Due to retirements, the importance of capturing the institutional knowledge available from all parties involved.



Ernst & Young LLP
Sacramento Office
Suite 300
2903 Douglas Boulevard
Roseville, CA 95661

Tel: +1 916 218 1900
Fax: +1 916 218 1999
ey.com

Mr. Mark Krause
Desert Water Agency
P.O. Box 1710
Palm Springs, California 92262

May 31, 2017

Dear Mr. Krause:

This letter agreement constitutes the Master Services Agreement (MSA) between Ernst & Young LLP (“we” or “EY”) and Desert Water Agency (“you” or “Client”) under which EY will perform professional services (the “Services”) for Desert Water Agency. It is intended that the professional services performed by EY on behalf of Desert Water Agency under this MSA will also be performed on behalf of a number of other State Water Project contractors under substantially identical MSAs, and that the costs of these services will be shared by all participants. For each project that we agree to undertake for you, we will prepare a Statement of Work describing the particular Services, as well as any advice, presentations, or filings to be made, our fees therefor, and any other project-specific arrangements. All of the Services will be subject to the terms and conditions of this MSA, its attachments, including the General Terms and Conditions, and the applicable Statement of Work (together, this “Agreement”). Except for a claim seeking solely injunctive relief, any dispute or claim arising out of or relating to this Agreement, the Services or any other services provided by us or on our behalf to you shall be resolved by mediation and arbitration as set forth in this Agreement.

Annually or more frequently, we may enter into Statements of Work with you for a period of five years following the date of this letter, although we may agree with you to extend that period, including by executing additional Statements of Work referencing this MSA. We understand that this MSA does not bind you to use our services, but instead reflects our general understanding of the arrangement should EY and you choose to enter into any future Statement of Work.

Please sign this letter in the space provided below to indicate your agreement with these arrangements and return it to Joe Pirnik (2901 Douglas Boulevard, Suite 300, Roseville, CA 95661) at your earliest convenience. If you have any questions about any of these materials, please do not hesitate to contact Joe Pirnik at 916-218-1960 so that we can address any issues you identify before we begin to provide any Services. We appreciate the opportunity to assist you and look forward to working with you.

Very truly yours,

Ernst & Young LLP

AGREED:
Desert Water Agency

Signature

MARTIN KRIEGER

Printed Name

FINANCE DIRECTOR

Title

DESERT WATER AGENCY
P.O. BOX 1710, PALM SPRINGS, CA 92264

Address

Date

09/13/17

General Terms and Conditions

Our relationship with you

1. We will perform the Services in accordance with applicable professional standards, including those established by the American Institute of Certified Public Accountants ("AICPA").
2. We are a member of the global network of Ernst & Young firms ("EY Firms"), each of which is a separate legal entity.
3. We will provide the Services to you as an independent contractor and not as your employee, agent, partner or joint venturer. Neither you nor we have any right, power or authority to bind the other.
4. We may subcontract portions of the Services to other EY Firms, who may deal with you directly. Nevertheless, we alone will be responsible to you for the Reports (as defined in Section 11), the performance of the Services, and our other obligations under this Agreement. From time to time, non-CPA personnel may perform the Services.
5. We will not assume any of your management responsibilities in connection with the Services. We will not be responsible for the use or implementation of the output of the Services, although we may otherwise provide advice and recommendations to assist you in your management functions and making decisions.

Your responsibilities

6. You shall assign a qualified person to oversee the Services. You are responsible for all management decisions relating to the Services, the use or implementation of the output of the Services and for determining whether the Services are appropriate for your purposes.
7. You shall provide (or cause others to provide) to us, promptly, the information, resources and assistance (including access to records, systems, premises and people) that we reasonably require to perform the Services.
8. To the best of your knowledge, all information provided by you or on your behalf ("Client Information") will be accurate and complete in all material respects. The provision of Client Information to us will not infringe any copyright or other third-party rights.
9. We will rely on Client Information made available to us and, unless we expressly agree otherwise, will have no responsibility to evaluate or verify it.

10. You shall be responsible for your personnel's compliance with your obligations under this Agreement.

Our Reports

11. Any information, advice, recommendations or other content of any reports, presentations or other communications we provide under this Agreement ("Reports"), other than Client Information, are for your internal use only (consistent with the purpose of the particular Services).
12. You may not disclose a Report (or any portion or summary of a Report) externally (including to your affiliates) or refer to us or to any other EY Firm in connection with the Services, except:
 - (a) to your lawyers (subject to these disclosure restrictions), who may review it only to give you advice relating to the Services,
 - (b) to the extent, and for the purposes, required by subpoena or similar legal process (of which you will promptly notify us),
 - (c) to other persons (including your affiliates) with our prior written consent, who have executed an access letter substantially in the form we prescribe, or
 - (d) to the extent it contains Tax Advice, as set forth in Section 13.

If you are permitted to disclose a Report (or a portion thereof) externally, you shall not alter, edit or modify it from the form we provided.

13. You may disclose to anyone a Report (or a portion thereof) solely to the extent that it relates to tax matters, including tax advice, tax opinions, tax returns, or the tax treatment or tax structure of any transaction to which the Services relate ("Tax Advice"). With the exception of tax authorities, you shall inform those to whom you disclose Tax Advice that they may not rely on it for any purpose without our prior written consent.
14. You may incorporate into documents that you intend to disclose externally EY summaries, calculations or tables based on Client Information contained in a Report, but not our recommendations, conclusions or findings. However, you must assume sole responsibility for the contents of those documents and not refer to us or any other EY Firm in connection with them. This provision does not affect your ability to circulate Reports internally.

15. You may not rely on any draft Report. We shall not be required to update any final Report for circumstances of which we become aware, or events occurring, after its delivery.

Limitations

16. You (and any others for whom Services are provided) may not recover from us, in contract or tort, under statute or otherwise, any consequential, incidental, indirect, punitive or special damages in connection with claims arising out of this Agreement or otherwise relating to the Services, including any amount for loss of profit, data or goodwill, whether or not the likelihood of such loss or damage was contemplated.
17. You (and any others for whom Services are provided) may not recover from us, in contract or tort, under statute or otherwise, aggregate damages in excess of the fees actually paid for the Services that directly caused the loss in connection with claims arising out of this Agreement or otherwise relating to the Services. This limitation will not apply to losses caused by our fraud or willful misconduct or to the extent prohibited by applicable law or professional regulations.
18. You shall make any claim relating to the Services or otherwise under this Agreement no later than one year after you became aware (or ought reasonably to have become aware) of the facts giving rise to any alleged such claim and in any event, no later than two years after the completion of the particular Services. This limitation will not apply to the extent prohibited by applicable law or professional regulations.
19. You may not make a claim or bring proceedings relating to the Services or otherwise under this Agreement against any other EY Firm or our or its subcontractors, members, shareholders, directors, officers, partners, principals or employees ("EY Persons"). You shall make any claim or bring proceedings only against us. The provisions of Sections 16 through 20 are intended to benefit the other EY Firms and all EY Persons, who shall be entitled to enforce them.

Indemnity

20. To the fullest extent permitted by applicable law and professional regulations, you shall indemnify us, the other EY Firms and the EY Persons against all claims by third parties (including your affiliates and attorneys) and resulting liabilities, losses, damages, costs and expenses (including reasonable external and internal legal costs) arising out of the disclosure of any Report (other than Tax Advice) or a third party's use of or reliance on any Report (including Tax Advice) disclosed to it by you or at your request.

Intellectual property rights

21. We may use data, software, designs, utilities, tools, models, systems and other methodologies and know-how that we own or license ("Materials") in performing the Services. Notwithstanding the delivery of any Reports, we retain all intellectual property rights in the Materials (including any improvements or knowledge developed while performing the Services), and in any working papers compiled in connection with the Services (but not Client Information reflected in them).
22. Upon payment for particular Services and subject to the other terms of this Agreement, you may use the Reports relating to those Services, as well as any Materials owned by us that are included therein, solely to the extent necessary to use the Reports.

Confidentiality

23. Except as otherwise permitted by this Agreement, neither of us may disclose to third parties the contents of this Agreement or any information (other than Tax Advice) provided by or on behalf of the other that ought reasonably to be treated as confidential and/or proprietary. Either of us may, however, disclose such information to the extent that it:
- (a) is or becomes public other than through a breach of this Agreement,
 - (b) is subsequently received by the recipient from a third party who, to the recipient's knowledge, owes no obligation of confidentiality to the disclosing party with respect to that information,
 - (c) was known to the recipient at the time of disclosure or is thereafter created independently,
 - (d) is disclosed as necessary to enforce the recipient's rights under this Agreement, or
 - (e) must be disclosed under applicable law, legal process or professional regulations.

EY acknowledges that Client has taken the position that Client is subject to the Freedom of Information Act ("FOIA") as may be amended, updated or replaced from time to time. EY has made no independent inquiry or determination on the subject, however, to the extent FOIA is applicable, the parties acknowledge and agree that: (a) Subject to clause (b) below, the decision on whether any exemption applies to a request for disclosure of information under the FOIA is a decision for Client after consultation with EY; (b) where Client is managing a request under FOIA to disclose a Report or any information that belongs to EY, EY shall cooperate with Client and shall use all reasonable efforts to respond to Client within ten (10) working

days of Client's request for assistance in determining whether or not an exemption to the FOIA applies; and (c) Client will only disclose the confidential information when required by FOIA, and when Client discloses a Report or EY confidential information, Client shall (i) use all reasonable efforts to limit the disclosure to the maximum extent possible (including redaction of the Report or EY's confidential information where possible), and (ii) notify EY in writing prior to such disclosure unless prohibited by law.

24. Either of us may use electronic media to correspond or transmit information and such use will not in itself constitute a breach of any confidentiality obligations under this Agreement.
25. Unless prohibited by applicable law, we may provide Client Information to other EY Firms (which are listed at www.ey.com) and EY Persons, as well as external third parties providing services on our or their behalf, who may collect, use, transfer, store or otherwise process (collectively, "Process") it in various jurisdictions in which they operate in order to facilitate performance of the Services, to comply with regulatory requirements, to check conflicts, to provide financial accounting and other administrative support services or for quality and risk management purposes. We shall be responsible to you for maintaining the confidentiality of Client Information, regardless of where or by whom such information is Processed on our behalf.
26. With respect to any Services, if U.S. Securities and Exchange Commission auditor independence requirements apply to the relationship between you or any of your associated entities and any EY Firm, you represent, to the best of your knowledge, as of the date of this Agreement and as of the date of each Statement of Work hereunder, that neither you nor any of your affiliates has agreed, either orally or in writing, with any other advisor to restrict your ability to disclose to anyone the tax treatment or tax structure of any transaction to which the Services relate. An agreement of this kind could impair an EY Firm's independence as to your audit or that of any of your affiliates, or require specific tax disclosures as to those restrictions. Accordingly, you agree that the impact of any such agreement is your responsibility.

Data protection

27. If we Process Client Information that can be linked to specific individuals ("Personal Data"), we will Process it in accordance with Section 25 of this Agreement, as well as applicable law and professional regulations, including, where applicable, the European Union Safe Harbor program of the U.S. Department of Commerce, in which EY participates. We will require any service provider that Processes Personal Data on our behalf to adhere to such requirements. If any Client Information is protected health information under the Health Insurance Portability and Accountability Act, as

amended, this Agreement is deemed to incorporate all of the terms otherwise required to be included in a business associate contract relating to such information.

28. You warrant that you have the authority to provide the Personal Data to us in connection with the performance of the Services and that the Personal Data provided to us has been Processed in accordance with applicable law. In order to provide the Services, we may need to access Personal Data consisting of protected health information, financial account numbers, Social Security or other government-issued identification numbers, or other data that, if disclosed without authorization, would trigger notification requirements under applicable law ("Restricted Personal Data"). In the event that we need access to such information, you will consult with us on appropriate measures (consistent with professional standards applicable to us) to protect the Restricted Personal Data, such as deleting or masking unnecessary information before it is made available to us, encrypting any data transferred to us, or making the data available for on-site review at a Client site. You will provide us with Restricted Personal Data only in accordance with mutually agreed protective measures.

Fees and expenses generally

29. You shall pay our professional fees and specific expenses in connection with the Services as detailed in the applicable Statement of Work. You shall also reimburse us for other reasonable expenses incurred in performing the Services. Our fees are exclusive of taxes or similar charges, as well as customs, duties or tariffs imposed in respect of the Services, all of which you shall pay (other than taxes imposed on our income generally). Unless otherwise set forth in the applicable Statement of Work, payment is due within 30 days following receipt of each of our invoices. We may receive rebates in connection with certain purchases, which we use to reduce charges that we would otherwise pass on to you.
30. We may charge additional professional fees if events beyond our control (including your acts or omissions) affect our ability to perform the Services as originally planned or if you ask us to perform additional tasks.
31. If we are required by applicable law, legal process or government action to produce information or personnel as witnesses with respect to the Services or this Agreement, you shall reimburse us for any professional time and expenses (including reasonable external and internal legal costs) incurred to respond to the request, unless we are a party to the proceeding or the subject of the investigation.

Force majeure

32. Neither you nor we shall be liable for breach of this Agreement (other than payment obligations) caused by circumstances beyond your or our reasonable control.

Term and termination

33. This Agreement applies to the Services whenever performed (including before the date of this Agreement).
34. This Agreement shall terminate upon the completion of the Services. Either of us may terminate it, or any particular Services, earlier upon 30 days' prior written notice to the other. In addition, we may terminate this Agreement, or any particular Services, immediately upon written notice to you if we reasonably determine that we can no longer provide the Services in accordance with applicable law or professional obligations.
35. You shall pay us for all work-in-progress, Services already performed, and expenses incurred by us up to and including the effective date of the termination of this Agreement. Payment is due within 30 days following receipt of our invoice for these amounts.
36. The provisions of this Agreement, including Section 14 and otherwise with respect to Reports, that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement, except that our respective confidentiality obligations (other than those relating to Reports or under Section 14) shall continue thereafter for three years only.

Governing law and dispute resolution

37. This Agreement, and any non-contractual matters or obligations arising out of this Agreement or the Services, including (without limitation) claims arising in tort, fraud, under statute or otherwise relating to the Services, or questions relating to the scope or enforceability of this Section 37, shall be governed by, and construed in accordance with, the laws of New York applicable to agreements made, and fully to be performed, therein by residents thereof. Except as otherwise expressly provided in the Cover Letter, any dispute relating to this Agreement or the Services shall be resolved as set forth in Appendix 1 to these Terms and Conditions.

Miscellaneous

38. This Agreement constitutes the entire agreement between us as to the Services and the other matters it covers, and supersedes all prior agreements, understandings and representations with respect thereto,

including any confidentiality agreements previously delivered. In addition, any policy, protocol, agreement (other than this Agreement) or other instrument, in whatever form, imposed at any time that purports to obligate EY, any other EY Firm or any EY Person with respect to the use of Client Information shall be void and of no further effect, and you shall not seek to enforce any such obligation.

39. Both of us may execute this Agreement (including Statements of Work), as well as any modifications thereto, by electronic means and each of us may sign a different copy of the same document. Both of us must agree in writing to modify this Agreement or any Statement of Work hereunder.
40. Each of us represents to the other that each person signing this Agreement or any Statement of Work hereunder on its behalf is expressly authorized to execute it and to bind such party to its terms. You also represent that this Agreement has, if necessary, been considered and approved by your Audit Committee. You represent that your affiliates and any others for whom Services are performed shall be bound by the terms of this Agreement.
41. You agree that we and the other EY Firms may, subject to professional obligations, act for other clients, including your competitors.
42. Neither of us may assign any of our rights, obligations or claims arising out of or related to this Agreement or any Services.
43. If any provision of this Agreement (in whole or part) is held to be illegal, invalid or otherwise unenforceable, the other provisions shall remain in full force and effect.
44. If there is any inconsistency between provisions in different parts of this Agreement, those parts shall have precedence as follows (unless expressly agreed otherwise): (a) the Cover Letter, (b) the applicable Statement of Work and any attachments thereto, (c) these General Terms and Conditions, and (d) other attachments to this Agreement.
45. Neither of us may use or reference the other's name, logo or trademarks publically without the other's prior written consent, although we may publically identify you as a client in connection with specific Services or generally.
46. For administrative reasons, you may from time to time ask that fees and expenses for Services performed for your international affiliates or at international locations be invoiced to you or your designate there, in local currency. You guarantee the timely payment of all those invoices by your affiliates. In addition, from time to time, an affiliate of ours, providing Services as a subcontractor to us, may bill you directly for fees incurred for work outside the US, in local currency or otherwise.

Appendix 1

Dispute resolution procedures

Mediation

A party shall submit a dispute to mediation by written notice to the other party or parties. The mediator shall be selected by the parties. If the parties cannot agree on a mediator, the International Institute for Conflict Prevention and Resolution ("CPR") shall designate a mediator at the request of a party. Any mediator must be acceptable to all parties and must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or substantial equity owner of any EY audit client.

The mediator shall conduct the mediation as he/she determines, with the agreement of the parties. The parties shall discuss their differences in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute. The mediation shall be treated as a settlement discussion and shall therefore be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. The mediation proceedings shall not be recorded or transcribed.

Each party shall bear its own costs in the mediation. EY, on the one hand, and the Client(s) (or any others for whom EY's services are performed), on the other hand, shall share equally the fees and expenses of the mediator.

If the parties have not resolved a dispute within 90 days after written notice beginning mediation (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute shall be settled by arbitration. In addition, if a party initiates litigation, arbitration, or other binding dispute resolution process without initiating mediation, or before the mediation process has terminated, an opposing party may deem the mediation requirement to have been waived and may proceed with arbitration.

Arbitration

The arbitration will be conducted in accordance with the procedures in this document and the CPR Rules for Non-Administered Arbitration ("Rules") as in effect on the date of the Agreement, or such other rules and procedures as the parties may agree. In the event of a conflict, the provisions of this document will control.

The arbitration will be conducted before a panel of three arbitrators, to be selected in accordance with the screened selection process provided in the Rules. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of any of these procedures, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator may be appointed unless he or she has agreed in writing to these procedures and has confirmed in writing that he or she is not, and will not become during the term of the arbitration, an employee, partner, executive officer, director, or substantial equity owner of any EY audit client.

The arbitration panel shall have no power to award non-monetary or equitable relief of any sort or to make an award or impose a remedy that (i) is inconsistent with the agreement to which these procedures are attached or any other agreement relevant to the dispute, or (ii) could not be made or imposed by a court deciding the matter in the same jurisdiction. In deciding the dispute, the arbitration panel shall apply the limitations period that would be applied by a court deciding the matter in the same jurisdiction, and shall have no power to decide the dispute in any manner not consistent with such limitations period.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitration panel may disclose the existence, content or results of the arbitration only in accordance with the Rules or applicable professional standards. Before making any such disclosure, a party shall give written notice to all other parties and shall afford them a reasonable opportunity to protect their interests, except to the extent such disclosure is necessary to comply with applicable law, regulatory requirements or professional standards.

The result of the arbitration shall be binding on the parties, and judgment on the arbitration award may be entered in any court having jurisdiction.

EXHIBIT C-1

I. STATEMENT OF WORK

This Statement of Work with the attached Exhibit, dated September 28, 2020 (this SOW) is made by Ernst & Young LLP (“we” or “EY”) and Desert Water Agency on behalf of itself (“you” or “Client”), pursuant to the Agreement, dated July 10, 2020 (the Agreement), between EY and Desert Water Agency (the Agency).

Except as otherwise set forth in this SOW, this SOW incorporates by reference, and is deemed to be a part of, the Agreement. The additional terms and conditions of this SOW shall apply only to the Services covered by this SOW and not to Services covered by any other Statement of Work pursuant to the Master Services Agreement (MSA) by and between EY and the Agency dated May 31, 2017. Capitalized terms used, but not otherwise defined, in this SOW shall have the meanings defined in the MSA, including references in the Agreement to “you” or “Client” shall be deemed references to you.

Scope of services

Except as otherwise set forth in this SOW, this SOW incorporates by reference, and is deemed to be a part of, the Agreement. This SOW sets forth the terms and conditions on which EY will perform certain professional services as described in Attachment A – East Branch Enlargement Planned Procedures (the Services) for Agency, a member of the State Water Contractors Independent Audit Association (IAA), for the twelve months ending June 30, 2021.

Any changes to the above scope of work will be agreed upon in writing and signed by both parties and will amend this original SOW.

The Services are advisory in nature and will not constitute an audit performed in accordance with Generally Accepted Accounting Principles. EY will perform the Services in accordance with the Statement of Standards for Consulting Services (CS100) of the American Institute for Certified Public Accountants (AICPA).

Your specific obligations

You will not, and you will not permit others to, quote or refer to the Reports, any portion, summary or abstract thereof, or to EY or any other EY Firm, in any document filed or distributed in connection with (i) a purchase or sale of securities to which the United States or state securities laws (Securities Laws) are applicable, or (ii) periodic reporting obligations under Securities Laws. You will not contend that any provisions of Securities Laws could invalidate any provision of this agreement.

We also draw your attention to the reservations set out in paragraph 5 of the General Terms and Conditions of the MSA, as well as your management responsibilities under paragraph 6, your obligations under paragraphs 11 and 12, and your representation, as of the date hereof, under paragraph 26 thereof.

Specific additional terms and conditions

The Services are advisory in nature. EY will not render an assurance report or opinion under the Agreement, nor will the Services constitute an audit, review, examination, or other form of attestation as those terms are defined by the American Institute of Certified Public Accountants. None of the Services or any Reports will constitute any legal opinion or advice. We will not conduct a review to detect fraud or illegal acts, nor will we test compliance with the laws or regulations of any jurisdiction.

Notwithstanding anything to the contrary in the Agreement or this SOW, we do not assume any responsibility for any third-party products, programs or services, their performance or compliance with your specifications or otherwise.

We will base any comments or recommendations as to the functional or technical capabilities of any products in use or being considered by you solely on information provided by your vendors, directly or through you. We are not responsible for the completeness or accuracy of any such information or for confirming any of it.

Where our written consent under the MSA is required for you to disclose to a third party any of our Reports (other than Tax Advice), we will also require that third party to execute a letter substantially in the form of Exhibit D to the Agreement. To the extent the Agency is permitted to disclose any written Report as set forth herein, it shall disclose such Report only in the original, complete and unaltered form provided by EY, with all restrictive legends and other agreements intact.

Unless prohibited by applicable law, we may provide Client Information to other EY firms, EY Persons and external third parties, who may collect, use, transfer, store or otherwise process such information in various jurisdictions in which they operate in order to provide support services to any EY Firm and/or assist in the performance of the Services.

After the Services under this SOW have been completed, we may disclose or present to prospective clients, or otherwise in our marketing materials, that we have performed the Services for you, and we may use your name solely for that purpose, in accordance with applicable professional obligations. In addition, we may use your name, trademark, service mark and logo as reasonably necessary to perform the Services and in correspondence, including proposals, from us to you.

Compliance with U.S. immigration requirements may require EY to provide certain information to the U.S. Citizenship and Immigration Services (“USCIS”) to confirm that EY employees on certain visas are, in fact, EY employees and not employees of the Client or other clients of EY. This will include providing certain information regarding work locations to support compliance with the visa requirements. As such, EY may disclose to USCIS information regarding this SOW, including the Client’s identity and location, as well as a redacted copy of this SOW. Upon providing this information, EY will request that USCIS keep any such information confidential. In further support of these legal requirements, the U.S. Department of Labor (DOL) regulations, at 20 CFR § 655.734(a)(1)(ii)(A), require the posting of notice of a Labor Condition Application (LCA) in instances where individuals holding H-1B visas will be working on the Client’s premises. EY and the Client will work together to develop an appropriate notice as required. The Client acknowledges that EY resources will be operating at all times as an employee of and under the

direction and control of Ernst & Young U.S. LLP's management, and all activities including supervision, hiring and firing decisions, and performance evaluations are controlled by Ernst & Young U.S. LLP. The Client will not have the right to control EY resources. At all times, EY resources will receive direction from an EY manager while on-site at the Client premises.

You shall not, while we are performing the Services hereunder and for a period of 12 months after they are completed, solicit for employment, or hire, any EY personnel involved in the performance of the Services, provided, that you may generally advertise available positions and hire EY personnel who either respond to such advertisements or who come to you on their own initiative without direct or indirect encouragement from you.

The Agency shall, among other responsibilities with respect to the Services, (i) make all management decisions and perform all management functions, including applying independent business judgment to EY work products, making implementation decisions and determining further courses of action in connection with any Services; (ii) assign a competent employee within senior management to make all management decisions with respect to the Services, oversee the Services and evaluate their adequacy and results; and (iii) accept responsibility for the implementation of the results or recommendations contained in the Reports or otherwise in connection with the Services. The Agency hereby confirms that management of the Agency accepts responsibility for the sufficiency of the Services. In performing the Services neither EY nor EY's partners or employees will act as an employee of the Agency.

The Agency represents and warrants to EY that the Agency's execution and delivery of this Agreement has been authorized by all requisite corporate or other applicable entity action and the person signing this Agreement is expressly authorized to execute it on behalf of, and to bind, the Agency.

The performance of the Services and the parties' obligations in connection therewith are subject to the additional terms and conditions set forth in the MSA.

It is understood that the Agency is not bound by our findings in any controversy or disagreement between the Agency and the Department of Water Resources should the Agency disagree with our findings.

We would also request that, if any IAA member discovers discrepancies in billings or other financial statements relative to their State Water Project costs, in addition to your working with the Department to correct the error, please notify EY for potential future inclusion as part of their procedures related to all IAA members.

Project deliverables

The matrix below lists the specific deliverables and related timelines that EY will provide to the Agency.

Deliverable	Timeline	Comments
Phase 1 – Assessment of Enlargement and Improvement allocation percentages used in the East Branch Enlargement calculation	The procedures will commence in August 2020 and a final report will be issued during February 2021.	See Attachment A – East Branch Enlargement Planned Procedures

Additional responsibilities

EY will provide the Agency with a timeline/schedule related to all project deliverables prior to the start of work on the project.

EY will notify the Agency in writing of any incremental changes to the original project estimate.

Production of all elements described in the “Project deliverables” section of this SOW is to be included in the cost breakdown under the “Pricing and payment terms” section below, agreed upon by the Agency and EY for this project.

Fees and billing

Below is a summary of the current cost estimates for this SOW. Due to the complexities and variable nature of this project, actual costs could vary from these estimates. In the event costs are expected to exceed the estimate, EY will contact the Agency before performing any additional work.

The fee for completing all procedures as described in the project deliverables section of this SOW will not exceed \$39,100.

Out-of-pocket expenses incurred during this contract are not included in the above SOW estimated cost. Expenses include such items as travel, meals, accommodations, and other administrative expenses based on actual amounts incurred.

Invoices for time and expenses will be billed monthly and are due upon receipt.

IN WITNESS WHEREOF, the parties hereto have executed this SOW as of the day and year written below.

Desert Water Agency

Ernst & Young, LLP

Representative

Representative



Signature

Signature

Printed Name

Joe Pirnik

Printed Name

Title

Authorized Signatory

Title

Address

Ernst & Young LLP
Suite 300
2901 Douglas Boulevard
Roseville, CA 95661

Address

Date

September 28, 2020

Date

Attachment A – East Branch Enlargement Planned Procedures

The following table details the planned procedures under this SOW. The successful completion of the following procedures is dependent on the cooperation and access to Department of Water Resources personnel which includes the State Water Project Analysis Office and the Department's third-party consultant used for East Branch Enlargement project.

Planned Procedures	Hours	Fee*
1. Phase 1 – Assessment of Enlargement and Improvement allocation percentages used in the East Branch Enlargement calculation	380 hours	\$32,300
<ul style="list-style-type: none">a. Obtain the East Branch Enlargement and Improvement allocation percentages schedule and supporting calculations used to determine the split between Enlargement and Improvement<ul style="list-style-type: none">i. Identify reaches with changes in the allocation percentages used to determine the split between Enlargement and Improvement and perform the following:<ul style="list-style-type: none">1. Obtain supporting schedules that agree to the allocation percentages used to determine the split between Enlargement and Improvement2. Recalculate the allocation percentages used based on the supporting schedules3. Obtain documentation (if available) used to support the allocation methodologies used to determine the allocation percentages used to determine the split between Enlargement and Improvement.ii. Investigate any variances or lack of supporting documentation with Desert Water Agency	380 hours	\$32,300
2. Final Report – Prepare and issue a report of findings and recommendations	50 hours	\$4,250
3. Board of Directors Presentation (at the request of the Agency) – Present the report of findings and recommendations to Desert Water Agency	30 hours	\$2,550
Total	460 hours	\$39,100

* Not to exceed

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Notwithstanding anything to the contrary in the Agreement or this SOW, we do not assume any responsibility for any third-party products, programs or services, their performance or compliance with your specifications or otherwise.

We will base any comments or recommendations as to the functional or technical capabilities of any products in use or being considered by you solely on information provided by your vendors, directly or through you. We are not responsible for the completeness or accuracy of any such information or for confirming any of it.

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Invoices for time and expenses will be billed monthly and are due upon receipt.

IN WITNESS WHEREOF, the parties hereto have executed this SOW as of the day and year written below.

Coachella Valley Water District

Ernst & Young, LLP

Representative

Representative



Signature

Signature

Printed Name

Joe Pirnik

Printed Name

Title

Authorized Signatory

Title

Address

Ernst & Young LLP
Suite 300
2901 Douglas Boulevard
Roseville, CA 95661

Address

Date

September 28, 2020

Date

Attachment A – East Branch Enlargement Planned Procedures

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MEMORANDUM

October 28, 2020

TO: Mark S. Krause, General Manager
Desert Water Agency

FROM: Bob Reeb and Raquel Ayala
Reeb Government Relations, LLC

SUBJECT: 2020 Annual Report

The COVID-19 pandemic presented a crushing blow to the normal course of business in the State Capitol this year, with access to executive branch and legislative representatives severely restricted. Legislative offices were closed to the general public and registered lobbyists for most of the second year of the legislative session, making communications a challenge. The number of bills processed by the Legislature this year was significantly limited as compared to prior years. In a sense, this relative inactivity benefited the Agency as most of the effort to influence the outcome of legislation is expended on the defeat of measures that run counter to the interests of Desert Water Agency.

State Budget

Governor Newsom presented his proposed state budget to the Legislature on January 10, 2020. At the time, the administration expected revenues for 2019-20 to continue to exceed expectations from the 2019-20 Budget Act. With continued expected revenue growth, the administration anticipated a surplus of about \$6 billion for Fiscal Year 2020-21. The Governor proposed allocating that surplus to a variety of purposes, two of the largest of which were homelessness and re-envisioning Medi-Cal.

In March, the state's public health and economic situations began to change dramatically. Governor Newsom declared a state of emergency on March 4 in response to the first confirmed death of a coronavirus patient in California. Later that month, the Governor issued an executive order requiring Californians to shelter in place statewide and requested—and the President approved—a major disaster declaration for the state of California in response to the COVID-19 public health emergency. Meanwhile, California began to experience an unprecedented rise in unemployment. Between

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March 22 and 28, California processed more than 1 million initial claims for regular unemployment insurance, surpassing the record high prior to COVID-19 by nearly ten times.

Before beginning a recess in mid-March, the Legislature passed SB 89 and SB 117 which authorized the administration to spend up to \$1 billion for COVID-19 response and provided funding for schools to purchase equipment and clean facilities. In addition, the administration used its authority under the Disaster Response Emergency Operations Account (DREOA, a subaccount within the State's Fund for Economic Uncertainties) to make additional COVID-19-related expenditures.

The federal government passed Coronavirus relief bills in March and April directing funding to states, local governments, and private entities in response to the COVID-19 emergency. The bills included: the Coronavirus Preparedness and Response Act; the Families First Coronavirus Response Act; the Coronavirus Aid, Relief, and Economic Security (CARES) Act; and the Paycheck Protection Program and Health Care Enhancement Act. Among many other changes, these pieces of legislation provided additional funding for state and local governments to respond to COVID-19; increased the federal share of costs for state Medicaid programs; provided financial assistance to small businesses; increased unemployment insurance benefits; and provided direct, broad-based cash assistance to most individuals. In addition, federal emergency declarations authorized FEMA to provide additional funding to states and local governments to reimburse them for certain COVID-19-related costs.

On May 14, 2020, Governor Newsom presented a revised state budget proposal to the Legislature, which estimated a budget deficit of \$54.3 billion by June 30, 2021. The Legislature passed an initial budget on June 15, 2020. A key feature of the initial budget package is that it assumed \$14 billion in federal funding would be forthcoming, reducing the need for spending reductions and other actions to balance the budget. The initial budget package also would have reinstated two General Fund payment deferrals, including a fourth quarter payment deferral to California Public Employees' Retirement System (CalPERS) and the state employee payroll deferral.

The Legislature passed a final budget package on June 26, 2020, which assumed that \$2 billion in federal funds would be forthcoming and took the Governor's approach in the May Revision to make other spending reductions contingent on other federal money arriving before October. In addition, relative to the June 15 initial package, the final package made several changes, including increasing school deferrals by \$3.5 billion (assuming no federal money is forthcoming), increasing revenue assumptions by more than \$1 billion, and eliminating the plan to reinstate General Fund payment deferrals. The Governor signed the 2020-21 Budget Act and related budget legislation on June 29, 2020.

Since the initial budget passed, the state has collected more in taxes than expected although budget experts caution that the strong returns reflect pre-recession economic activity in 2019. Tax revenue for the 2019-20 fiscal year, which ended in June, came in more than \$1 billion higher than projected, according to the Department of Finance. Revenue from July came in \$2.5 billion higher than

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forecasted. Nonetheless, increased state expenditures for unemployment and health and human services have lead the Department of Finance to project the state faces an \$8.7 billion deficit by June 2021.

Wildfire Continues to Plague the State

Five of the six largest fires ever recorded in the California have occurred this year. On October 5, 2020, the August complex fire in northern California expanded beyond 1 million acres, elevating it from a “megafire” to a new classification, “gigafire”; a classification never before used in a contemporary setting in the state. The fire, which is now burning across several counties, began as a series of separate fires sparked by lightning strikes in August. Those smaller fires later morphed into the larger complex that firefighters are now battling. The blaze is 93% contained as of this week. Since the beginning of the year, there have been over 8,800 wildfires that have burned well over 4 million acres in California. To date, the total number of fatalities statewide is 31 and over 10,488 structures have been destroyed.

The Newsom Administration has focused on increasing resources for CalFire to suppress wildfire, and, together with the Legislature, continues to pour General Fund and Greenhouse Gas Reduction Fund monies into forest and watershed health projects. The latter funding source—intended to provide \$250 million a year for four years—has experienced a dramatic drop in auction revenues such that future funding for state priorities is threatened. The 2020-21 State Budget, for example, provides a \$130 million loan from the Underground Storage Tank Fund to the Safe and Affordable Drinking Water Fund (also known as SAFER) to account for the loss of GGRF revenue.

Climate Change and California Response

On October 7, 2020, Governor Newsom signed Executive Order N-82-20 setting a first-in-the-nation goal of conserving 30 percent of the state’s land and coastal waters by 2030.

Current law declares it to be the policy of the state that the protection and management of natural and working lands is an important strategy in meeting the state’s greenhouse gas emissions reduction goals, and requires all state agencies, departments, boards, and commissions to consider this policy when revising, adopting, or establishing policies, regulations, expenditures, or grant criteria relating to the protection and management of natural and working lands.

EO N-82-20 directs the California Natural Resources Agency (CNRA) to establish the California Biodiversity Collaborative (Collaborative) with the purpose of bringing together governmental partners, California Native American tribes, experts, business and community leaders and stakeholders from across the state to protect and restore the State’s biodiversity. According to the Order, the Collaborative would advise state agencies in the development of strategies for achieving the 30 by 2030 goal. These strategies are to be developed and reported to the Governor by February 1, 2022; and must, among other things, safeguard the state’s economic sustainability and food security.

The Order directs CNRA to use existing authorities and resources to identify and implement near-and long-term actions to accelerate natural removal of carbon and build climate resilience in the State’s

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forests, wetlands, urban greenspaces, agricultural soils, and land conservation activities in ways that serve all communities; in particular low-income, disadvantaged and vulnerable communities. CNRA must develop within a year of this Order a Natural and Working Lands Climate Smart Strategy to serve as a framework towards the State's carbon neutrality goal and climate resiliency.

The Executive Order is similar to legislation introduced this year by Assemblymember Ash Kalra (D-San Jose) which died in the Senate after being held in the Senate Appropriations Suspense File. Assemblymember Kalra's AB 3030 would have declared it to be the goal of the state to protect at least 30 percent of the State's land areas and waters by 2030. The bill would have gone further to also establish it to be the goal of the state to help advance the protections of 30 percent of the nation's oceans, and to support regional, national, and international efforts to protect at least 30% of the world's land areas and waters, and 30 percent of the world's oceans by 2030.

Association of California Water Agencies (ACWA) and other water organizations opposed AB 3030, and requested that the bill be amended to among other things, remove all references to water from the bill, clarify that the implementation of this policy would include voluntary cooperation with public agencies, and clarify that the goal of conserving 30 percent of the State's land area is "aspirational". While ACWA is supportive of protecting California's rich biodiversity and the water resources upon which many species and people depend, it was concerned that the ambiguity of the bill's language created a confusing and likely contentious state policy which would have failed to promote the collaboration necessary to achieve meaningful conservation in California.

In the press conference where he announced the new executive order, Governor Newsom stated that the state cannot turn a blind eye to climate change any longer and the signs are right in front of us.

"Hottest recorded temperatures ever in modern recorded world history that we experienced seven plus weeks ago in the Death Valley, California - 130 degrees. This is real," Governor Newsom said.

EO N-82-20 comes on the heels of an executive order signed last month mandating that all new passenger vehicles sold in the state be zero-emission by 2035; as well as a call for a ban on fracking oil and gas in California.

"As we work to mitigate greenhouse gas emissions, we must also accelerate actions to enable the State to adapt and become more resilient to the impacts of climate change, including expanding nature-based solutions – the use of sustainable land management practices to tackle environmental, social and economic challenges," Governor Newsom said in the Order.

Climate Resilience Bonds

As the second year of the two-year session began, and with state revenues expected to continue to increase, Governor Newsom and Democratic members of both houses signaled interest in placing a state general obligation bond for climate resilience projects on the November ballot. Governor Newsom's Department of Finance released a budget trailer bill that proposed a \$4.75 billion climate resiliency bond proposal; Senator Ben Allen (D-Santa Monica) authored SB 45 which proposed a \$5.51 billion bond proposal, and Assembly Member Eduardo Garcia (D-Coachella) introduced AB 3256 which initially did not specify the total amount of bonds that would be authorized. As amended in June, AB 3256 would enact the Economic Recovery, Wildfire Prevention, Safe Drinking Water,

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Drought Preparation, and Flood Protection Bond Act of 2020, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$6.98 billion to finance projects for an economic recovery, wildfire prevention, safe drinking water, drought preparation, and flood protection program. Of the total funding, only \$755 million would be allocated for traditional water infrastructure financing, including competitive grants for projects that support sustainable groundwater management implementation (\$395 million), and safe drinking water (\$360 million).

In the face of projected state budget deficits over the next several years, Governor Newsom removed his climate resiliency bond proposal from his Budget May Revision, with Legislators following suit shortly after.

A study done in May by the Bay Area Council Economic Institute on the “*Economic Impacts of Climate Resilience Bond Investments in California*”, found that climate resilience investments not only provide environmental benefits to the state, but also significant employment and provide economic stimulus. A package of climate resilience expenditures in California can support nearly 120,000 full-time equivalent jobs under an \$8 billion spending program, or nearly 75,000 jobs under a smaller \$5 billion package. The study found these investments also have the potential to save billions of dollars in the long term by preventing or reducing the magnitude of damage that climate-induced natural disasters cause.

Agency Activity in the Legislature

The Agency began the year actively monitoring or engaging in direct lobbying on over 38 bills. Many of these bills were dropped throughout the session due to the abbreviated legislative session. Below, we highlight a handful of bills the Agency was active on this year. Although some of these bills received limited review, we included them in this list as they may be reintroduced in the 2021-22 legislative session.

Pre-moistened Non-woven disposable wipes

Assembly Bill 1672, by Assemblymember Richard Bloom (D-Santa Monica), would require that products constructed from non-woven sheets designed, marketed, or commonly used for personal hygiene or cleaning purposes, including diaper wipes, household cleaning wipes, personal care wipes, and facial wipes must clearly and conspicuously communicate that they should not be flushed. The California Association of Sanitation Agencies (CASA) is the sponsor of this legislation.

According to the bill’s Assembly Floor Analysis, “an increasingly diverse range of disposable products has become available for consumer use. The growth of the market for such products is evidence of their popularity with the public, but their increased use brings with it discussion about their disposal, especially the topic of flushability. For disposable products that address public health and hygiene considerations, consumers often mistakenly use the wastewater system as a preferred means of disposal... While consumer behavior cannot be legislated, legislation can steer manufacturing and labeling in a direction that better informs consumers how to behave. In the case of this bill, the intent is to provide clarification to consumers on wipes that are not suitable for flushing.”

CASA argued in support of this legislation that products that are poorly designed or not at all intended to be flushed down the toilet can cause sewer blockages, which damage sewer lines and can lead to costly sanitary sewer overflows. A buildup of non-flushable products has been shown to cause clogs in

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sewage pumps, lead to entanglements in sewage treatment equipment, lead to sewer backups in residences, and increase the risk of a sanitary sewer overflow during a storm. The increased maintenance needed to prevent problems from non-flushable products is very costly to public wastewater agencies.

The Agency had a “watch” position on the bill. AB 1672 passed the Assembly back in January on a 56-16 vote. The bill died in the Senate after it had been held in the Senate Appropriations Committee Suspense File.

Emergency backup generators: water and wastewater facilities

Assembly Bill 2182, by Assemblymember Blanca Rubio (D-Baldwin Park), sought to exempt the operation of an alternative power source relied on to provide power to a critical facility, including water and wastewater facilities, from any local, regional, or state regulation regarding the operation of that source. The bill would have authorized providers of essential public services, in lieu of compliance with applicable legal requirements, to comply with the maintenance and testing procedure set forth in the National Fire Protection Association Standard for Emergency and Standby Power System, NFPA 110, for alternative power sources designated by the providers for the support of critical facilities.

The legislation defined “water and wastewater facilities” to mean water and wastewater facilities critical to maintain public health and safety standards, including, but not limited to, treatment plants, pumping stations and other storage facilities, and water facilities needed to maintain water service and water pressure necessary for firefighting. The legislation would have provided the exemption for periods during a “deenergization event” that the legislation defined to mean the loss of electricity to a critical facility due to an emergency, including, but not limited to, wildfire.

The Agency took a “support” position on the bill. However, the bill’s first hearing set for March 16 in the Assembly Committee of Utilities and Energy was postponed by the committee to an undetermined date.

The bill died in the Assembly after failing to meet the June 5 legislative deadline for non-fiscal bills to be heard in committee and reported to their house floor. While the Author’s office has expressed a willingness to carry this bill proposal again next year, a similar fate was visited upon SB 1099 by Senator Bill Dodd (D-Napa), which is discussed later in this report.

State Water Resources Control Board: local primacy delegation funding

The State Water Resources Control Board (State Water Board or Board) has regulatory oversight over about 7,500 public drinking water systems in California. Thirty of California’s 58 counties have Local Primacy Agency (LPA) delegation agreements with the State Water Board, and therefore have primary responsibility of regulatory oversight of the public drinking water systems in their counties. LPA counties regulate a total of approximately 4,500 public drinking water systems, which consist of community water systems with more than 14 and less than 200 connections, non-community non-transient systems, and non-community transient systems.

Assembly Bill 2296, authored by Assemblymember Bill Quirk (D-Hayward), included provisions similar to AB 402 of 2019 by the same author. The legislation addresses the relationship between the State Water Board and LPAs. Last year, ACWA and its members opposed AB 402 due to a provision that

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would create a new funding stabilization program that would provide State funds to the LPAs to enhance the ability to provide oversight and enforcement activity. Proponents of the new funding approach argue that currently LPAs cannot impose fees on small water systems at a level that enables the LPA to recover its costs.

AB 2296 would authorize any LPA, with approval of the State Water Board, to elect to participate in a funding stabilization program effective for the 2022–23 fiscal year and fiscal years thereafter. The bill would require a public water system under the jurisdiction of a LPA participating in the funding stabilization program to pay the fees to the State Water Board, and would require the Board to provide funding to the LPA each year for the reasonable costs incurred for the implementation of activities set forth in the work plan submitted by the LPA to, and approved by, the Board. The bill would prohibit a participating LPA from charging a public water system any fee in addition to the fees established and collected by the funding stabilization program for the activities in the LPA work plan and would require all fines, penalties, and reimbursement of costs collected by such a LPA to be remitted to the Board for deposit in the Safe Drinking Water Account.

ACWA, California Municipal Utilities Association (CMUA), and their members did not oppose AB 2296 despite concern that the revenue that the State Water Board will rely on to pay the costs of the funding stabilization program will come from the Safe Drinking Water Account, which places a greater funding burden on larger public water systems--the same systems that rarely require regulatory actions to be undertaken by the State Water Board. Proponents of the legislation convinced ACWA and others that, as more counties return primacy to the State Water Board--seven have done so over the past 15 years, the Board will resume responsibility for oversight of the smaller systems and that the revenue relied on to support the Board's efforts will come from the Safe Drinking Water Account.

AB 2296 passed the Assembly on a 63-6 vote and the Senate on a 29-9 vote, and was sent to the Governor's desk for his signature. On September 29, Governor Newsom returned the bill to the Assembly without his signature. In his veto message, Governor Newsom stated:

"This bill would authorize Local Primacy Agency (LPA) counties to elect to participate in a funding stabilization program, administered by the State Water Resources Control Board (State Water Board), to fund regulatory oversight of small public drinking water systems. The goal of stabilizing the funding that is needed to assist LPA's with providing proper regulatory oversight of small water systems is laudable and fits into the state's overarching goal of achieving clean drinking water for every Californian. However, to the extent that LPA counties choose to participate in the new funding stabilization program authorized by the bill, the State Water Board would need to raise fees to cover the costs of the program. If participation among LPAs is high, the total funding needed from the Safe Drinking Water Account to administer the funding stabilization program would almost certainly exceed the statutory funding cap and as a result the State Water Board would be unable to implement the program."

Water Quality: Notification and Response Levels

The California Safe Drinking Water Act requires the State Water Board to adopt drinking water standards for contaminants in drinking water based upon specified criteria and requires any person who owns a public water system to ensure that the system, among other things, complies with those

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drinking water standards. The Act requires a public water system to provide prescribed notices within 30 days after it is first informed of a confirmed detection of a contaminant found in drinking water delivered by the public water system for human consumption that is in excess of a maximum contaminant level, a notification level, or a response level established by the State Water Board.

Assembly Bill 2560, by Assemblymember Bill Quirk (D-Hayward), would require the State Water Board to comply with public notice and comment and peer review procedures before establishing or revising notification or response levels. The legislation would require the State Water Board to (1) electronically post on its internet website and distribute through email a notice informing interested persons that the State Water Board has initiated the development of a notification or response level, (2) electronically post on its internet website and distribute through electronic mail a notice that a draft notification or response level is available. Notice and document availability must occur at least 45 calendar days before finalizing the notification or response level, (3) submit its draft notification or response level for external peer review, and (4) take a formal action to finalize and adopt the notification or response level.

This bill is in response to recent actions taken by the State Water Board to issue new regulations related to the presence of PFAS/PFOS chemicals in drinking water. The intent of the legislation is to require greater transparency on the part of the State Water Board and to provide greater access by public water systems to the State Water Board and its staff during the deliberative process regarding the establishment or revision of notification or response levels. To do otherwise, likely results in the abandonment of drinking water sources due to a lack of time or resources to address the contaminant, and may unnecessarily reduce public confidence in drinking water quality.

DWA took a “support” position on the bill arguing that an open and transparent process that includes the opportunity to review and comment is essential to enable public water systems to appropriately plan and respond to safe drinking water threats.

The bill passed both chambers with bipartisan support and was signed into law on September 20. (Chapter 350, Statutes of 2020)

Excavations: subsurface installations

The Dig Safe Act of 2016 created the California Underground Facilities Safe Excavation Board within the Office of the State Fire Marshal. The Dig Safe Act generally requires an operator of a subsurface installation to become a member of, participate in, and share in the costs of, a regional notification center. The act requires a record of all notifications by an excavator or operator to the regional notification center to be maintained for a period of not less than 3 years and available for inspection. The act requires an operator to maintain certain records on subsurface installations, and establishes prescribed notification procedures for an excavator who discovers or damages a subsurface installation.

Senate Bill 865, by Senator Jerry Hill (D-San Mateo), would require a regional notification center to provide notification records to the board quarterly and provide notifications of damage to the board within 5 business days of receipt at the regional notification center. The bill would require that all new subsurface installations be mapped using a geographic information system (GIS) and maintained as permanent records of the operator commencing January 1, 2023. An exception to this requirement is given to certain oil and gas flowlines located within the administrative boundaries of an oil field. The bill

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would require an excavator to notify the regional notification center within 48 hours of discovering or causing damage.

DWA is an "excavator" under the Dig Safe Act because Agency employees or equipment perform excavations. The Agency also is an "operator" as it owns, operates, or maintains a subsurface installation. Unlike mapping above ground infrastructure, mapping the underground presents unique challenges to accurately and economically collect underground data in 3D providing both pipeline position and depth. The requirement to tag all new subsurface installations with GIS coordinates may increase costs to the Agency to enhance the quality, quantity and efficiency of data acquisition, but savings may be achieved by reducing the overall costs to locate, map and manage the Agency's underground infrastructure.

The Agency expressed concern with the legislation as introduced, however, given the concurrent effective date of the legislation and the requirement to begin GIS tagging all new subsurface installations—January 1, 2021. Desert Water Agency has many demands on its annual budget and personnel, including groundwater management responsibilities pursuant to the Sustainable Groundwater Management Act, State Water Project facility planning and investment, surface storage project development, safe drinking water regulatory compliance, capital improvement projects, urban water conservation and water loss reduction, and more. SB 865 would require the Agency to research, acquire, train personnel and implement GIS utility infrastructure visualization, management and analytics. Given the current demands on the Agency's budget, Reeb Government Relations engaged the Senator and his staff arguing that it would be helpful to amend SB 865 to provide more time for local agencies to implement the GIS tagging requirement for new subsurface installations. The next budget cycle for the Agency, our firm explained, begins July 1, 2021, which would enable the Agency to take steps toward SB 865 implementation. A January 1, 2023 implementation date would be easier to accomplish given current Agency budget demands. The bill was amended July 27, to change the implementation date to January 1, 2023.

The Agency then took a "support" position on SB 865 due to the added implementation date flexibility and the many important provisions in the legislation that will improve the safe operation of subsurface installations. Reliable geospatial and location information on underground utility lines is helpful for avoiding excavation damages. A GIS base utility mapping system is also important in repair and replacement of utility lines because of correct locational data.

SB 865 was signed into law by Governor Newsom on September 29. (Chapter No. 307, Statutes of 2020)

Emergency backup generators: critical facilities

Current law imposes limitations on emissions of air contaminants for the control of air pollution from vehicular and non-vehicular sources. Current law generally designates air pollution control and air quality management districts with the primary responsibility for the control of air pollution from all sources other than vehicular sources.

Consistent with federal law, Senate Bill 1099, by Senator Bill Dodd (D-Napa), would require air districts to adopt a rule, or revise its existing rules, to allow critical facilities with a permitted emergency backup generator to use that emergency backup generator during a deenergization event or other loss of

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power, and to test and maintain that emergency backup generator without having that usage, testing, or maintenance count toward that emergency backup generator's time limitation on actual usage and routine testing and maintenance. The bill would prohibit air districts from imposing a fee on the issuance or renew of a permit issued for those critical facility emergency backup generators.

Electric utility providers have adopted the use of Public Safety Power Shutoff (PSPS) events to protect lives and property from uncontrolled wildfires. The loss of power due to these deenergization events can last for several days and has created significant operational and cost impacts on local agency water and wastewater utilities. One such operational impact is the extended use of emergency backup generators, which not only imposes costs, but leads to the potential violation of strict air quality regulatory requirements.

The bill passed in the Senate with a 37-0 vote. The bill died in the Assembly, after failing to meet the June 29 legislative deadline for fiscal bills to be heard in policy committees and referred to fiscal committees. Senator Dodd and California Municipal Utilities Association, which sponsored the legislation, worked tirelessly to reach a compromise with the South Coast Air Quality Management District to establish a streamlined process by which generator owners and operators could secure regulatory relief from strict air quality regulations. In the end, a compromise was achieved and SB 1099 became unnecessary. While an outright exemption for emergency operations during a PSPS was not secured, a streamlined process is expected to be produced by the South Coast air district that could lead to similar actions by air districts in other areas of California.

Assessments, fees, and charges: water: hydrants

The California Constitution specifies various requirements with respect to the levying of assessments and property-related fees and charges by a local agency, including requiring that the local agency provide public notice and a majority protest procedure for property owners subject to the fee or charge for water service. The Proposition 218 Omnibus Implementation Act prescribes specific procedures and parameters for local jurisdictions to comply with these requirements and defines the term water for these purposes to mean any system of public improvements intended to provide for the production, storage, supply, treatment, or distribution of water from any source.

Senate Bill 1386, by Senator John Moorlach (R-Costa Mesa), would specify that, for the purposes of the Proposition 218 Implementation Act, the fees or charges for property-related water service may include the costs to construct and maintain fire hydrants and may include the cost of the water distributed through the hydrants. Additionally, the bill defines hydrant to mean all hydrants and related infrastructure owned by a water service provider for distributing water that aids in the protection of property from fire.

DWA took a "support" position on the bill arguing that the provisions of SB 1386 are consistent with long-standing utility service practices in California that only recently have come into question due to specious litigation. The clarification proposed by SB 1386 is consistent with urban retail water supplier understanding of their existing authority relating to cost recovery for public hydrants. The Agency usually asks the Legislature to refrain from action on legislation that would interfere with pending litigation. In this instance, however, DWA believes legislative action is appropriate to declare that which the Agency believes to be existing law.

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Governor Newsom signed SB 1386 into law on September 29. (Chapter No. 240, Statutes of 2020)

Agency Activity in the Development of Regulation

The State Water Resources Control Board is engaged in a number of activities that will directly affect the Agency and Reeb Government Relations has been assisting Agency staff in responding to the work of the State Board. Our firm is active in two ACWA workgroups related to the work of the State Board—one on the water service disconnection moratorium imposed by Governor Newsom in response to the COVID-19 pandemic effects on the state economy, and one on the development of a water loss standard for urban retail water suppliers.

Governor Newsom issued an executive order on April 2 that restricted water shutoffs to homes and small businesses while the state responds to the COVID-19 pandemic. The Agency had already taken action to do so. The Governor's order protects consumers who may not be able to pay for their water service from shutoffs. Under the order, the State Board was directed to issue best practices and guidelines on support for the state's water systems during this time.

"This executive order will help people who have been financially impacted by the COVID-19 pandemic by ensuring they have water service," said Governor Newsom. "Water is critical to our very lives, and in this time, it is critically important that it is available for everyone."

The role of the State Board in the area of water service disconnections is a cause of concern to urban retail water suppliers throughout the state given the Board's growing propensity to dictate actions that reduce local control over operational and financial decision making. Recent activity has focused on the preparation of a questionnaire by the State Board inquiring into the manner in which water purveyors will collect delinquent water bills, include late fees and other charges, and the potential impacts on invoices for recycled water, wastewater and electricity (a more limited number of local agency utility service providers). Water purveyors are not a homogenous group. Therefore, a State Board questionnaire may present challenges for completion and later interpretation. Water purveyors are concerned about calls from environmental and social justice organizations to forgive delinquent payments as well as the potential of the State Board to expand its regulatory efforts into rate setting and bill collections. To date, ACWA has been a strong advocate, along with other state water organizations, in pushing back against an overreach by the State Board.

The development of a water loss standard has been a challenge to both the State Board and to urban retail water suppliers. SB 555, legislation enacted in 2015, requires each urban retail water supplier, on or before October 1, 2017, and on or before October 1 of each year thereafter, to submit a completed and validated water loss audit report for the previous calendar year or previous fiscal year as prescribed by rules adopted by the Department of Water Resources. The law requires the department to post all validated water loss audit reports on its Internet Web site in a manner that allows for comparisons across water suppliers and to make these reports available for public viewing. The law also requires the State Board to adopt rules requiring urban retail water suppliers to meet performance standards for the volume of water losses. In adopting these rules, the board shall employ full life cycle cost accounting to evaluate the costs of meeting the performance standards. The State Board missed a July 1, 2020 deadline for doing so.

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The State Board's staff developed a rather elaborate and complicated model for determining the water loss standard based on full life cycle cost accounting. ACWA, CMUA and the California Water Association (investor-owned water corporations) have been engaged with State Board members and staff on the work to prepare rules and have advocated for a simple, cost-based approach. The first model produced by the State Board was scrapped and a second model is simultaneously being subjected to peer review and water supplier review. Further complicating this work is the fact that the water loss standard may be enforced separate and apart from future enforcement of the urban water use objective. In a worst-case scenario, the flexibility won by water users in achieving the urban water use objective may be diminished, or worse yet, lost if the State Board aggressively pursues enforcement of the water loss standard.

In Closing...

Desert Water Agency faces operational, financial and legal challenges going forward and we have not mentioned the operational, financial and legal challenges facing the State Water Project (with which our firm maintains active involvement through work with State Water Contractors and individual contractor lobbying firms). Preserving the ability of the Agency Board of Directors and staff to protect the long-term interests of the Agency and to protect its financial position and operations from unnecessary state intervention—either from new statutes or new regulations—will be of paramount importance. Reeb Government Relations appreciates the confidence the Agency has placed in our firm to represent its interests before California state government.

DESERT WATER AGENCY
OUTREACH & CONSERVATION
ACTIVITIES

OCTOBER 2020

Activities:

- 10/06 Staff participated in a CV Salt Nutrient Management work plan conference call.
- 10/06 Staff met with FEMA regarding flooding assistance.
- 10/06 Xochitl Peña attended the ONE-PS meeting and provided an update.
- 10/08 Ashley Metzger attended an Integrated Regional Water Management Summit.
- 10/08 Ashley Metzger participated in a Municipal Demand discussion.
- 10/13 Staff met with FEMA regarding flooding assistance.
- 10/15 Ashley Metzger attended a PS Hospitality Association City of PS development update.
- 10/15 Staff participated in a Coachella Valley Urban Water Management Plan workshop.
- 10/19 Ashley Metzger was interviewed by the CV Independent regarding water shut-offs.
- 10/19 Ashley Metzger attended Mission Springs Water District board meeting.
- 10/20 Xochitl Peña participated in the monthly CV Water Counts meeting.
- 10/21 Ashley Metzger attended a workshop regarding Challenges and Opportunities in Drip Irrigation.
- 10/21 Ashley Metzger moderated an ACWA webinar, "Room to Grow: Taking Customer Outreach Online." Xochitl Peña attended the webinar.
- 10/21 Staff met with FEMA regarding flooding assistance.
- 10/22 Ashley Metzger met with USBR to discuss Grass Removal Incentive program grant proposal.
- 10/22 Ashley Metzger participated in a production data meeting with CA Data Collaborative.
- 10/26 Ashley Metzger met with City of Palm Springs regarding the demonstration garden next steps.
- 10/27 Ashley Metzger participated in a leak detection webinar.
- 10/27 Desert Water Agency hosted a virtual webinar: Grass Be Gone – Design, Remove, Transform.
- 10/27 Staff met with FEMA regarding flooding assistance.
- 10/27 Ashley Metzger attended a virtual Desert Hot Springs State of the City.
- 10/28 Vicki Petek attended a Standards, Methodologies and Performance Measures meeting.
- 10/28 Ashley Metzger attended the October GSAs meeting regarding the Indio Alternative Plan.
- 10/29 Staff attended a meeting with agencies to review the draft of CV SNMP Monitoring Work plan.

Public Information Releases/eBlasts/Customer Notifications:

- October 02: Water Professionals Appreciation Week - Website
- October 06: New filtration plant goes online - Website
- October 14: Water line replacements – Juanita Dr. and Sunrise Oasis HOA – Nextdoor
- October 16: Webinar: Grass Be Gone – Design, Remove, Transform – Website, Nextdoor, Email blast
- October 20: Desert Water Agency construction – Sunrise Alejo HOA – Nextdoor
- October 21: Desert Water Agency's first election by division is November 3 - Website

Legislative/Regulatory Outreach

- October 28: DRINC monthly water production data submitted to State Water Resources Control Board

Upcoming Events

- November 18 @ noon – Desert Water Agency Pipeline Replacement Webinar
- December 8 @ noon – Desert Water Agency Succulent Ornament Workshop

Conservation programs

- 19 grass removal inspections
- 10 grass removal projects pre-approved
- 4 grass removal projects given final approval

- 6 washing machines requested
- 5 washing machines approved

- 7 smart controllers requested
- 7 smart controllers approved

- 157 nozzles requested
- 179 nozzles approved

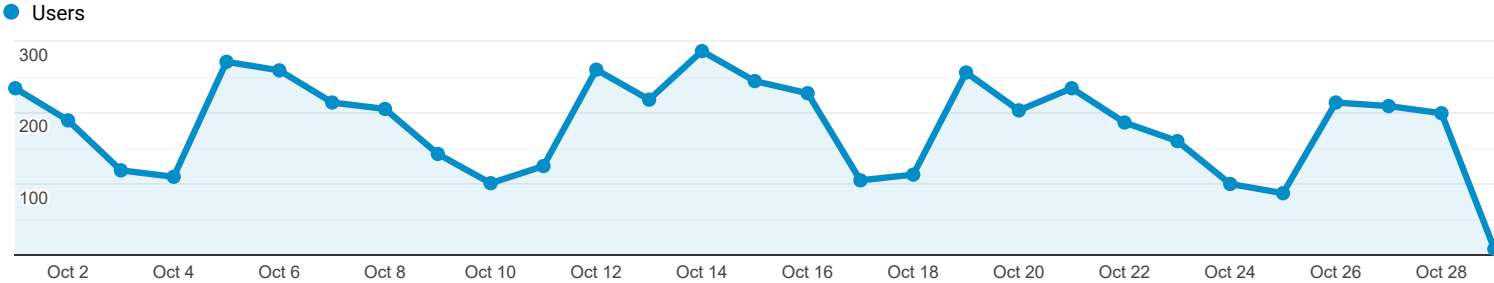
- 0 toilets requested (commercial only)
- 0 toilet rebates approved (commercial only)

Audience Overview

All Users
100.00% Users

Oct 1, 2020 - Oct 29, 2020

Overview



Users

4,589

New Users

3,933

Sessions

5,668

Number of Sessions per User

1.24

Pageviews

12,157

Pages / Session

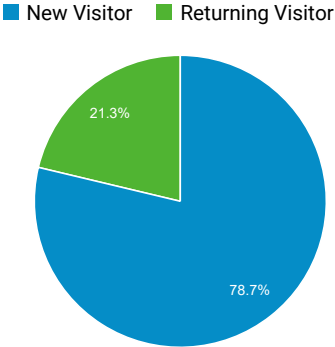
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Avg. Session Duration

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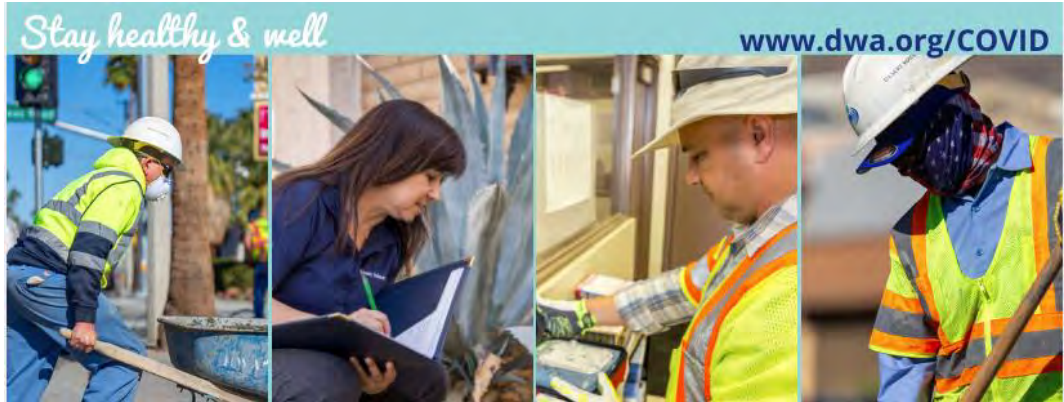
Bounce Rate

49.68%



Language	Users	% Users
1. en-us	3,812	83.01%
2. en	642	13.98%
3. en-gb	40	0.87%
4. en-ca	20	0.44%
5. zh-cn	11	0.24%
6. de-de	6	0.13%
7. c	5	0.11%
8. de	5	0.11%
9. en-au	5	0.11%
10. es-419	5	0.11%

Desert Water Agency Facebook Analytics October 2020



Actions on Page

October 1 - October 28

2

Total Actions on Page ▲100%



Page Views

October 1 - October 28

134

Total Page Views ▲6%



Page Previews

October 1 - October 28

1

Page Previews ▼50%

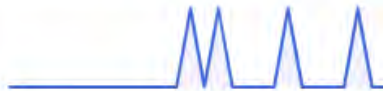


Page Likes

October 1 - October 28

4

Page Likes ▼33%



Post Reach

October 1 - October 28

2,715

People Reached ▼8%



Story Reach

October 1 - October 28

Get Story Insights

See stats on how your Page's recent stories have performed.

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Recommendations

October 1 - October 28



We have insufficient data to show for the selected time period.

Post Engagement

October 1 - October 28

383

Post Engagement ▲13%



Videos

October 1 - October 28

389

3-Second Video Views ▼40%



Page Followers
































































































October 1 - October 28

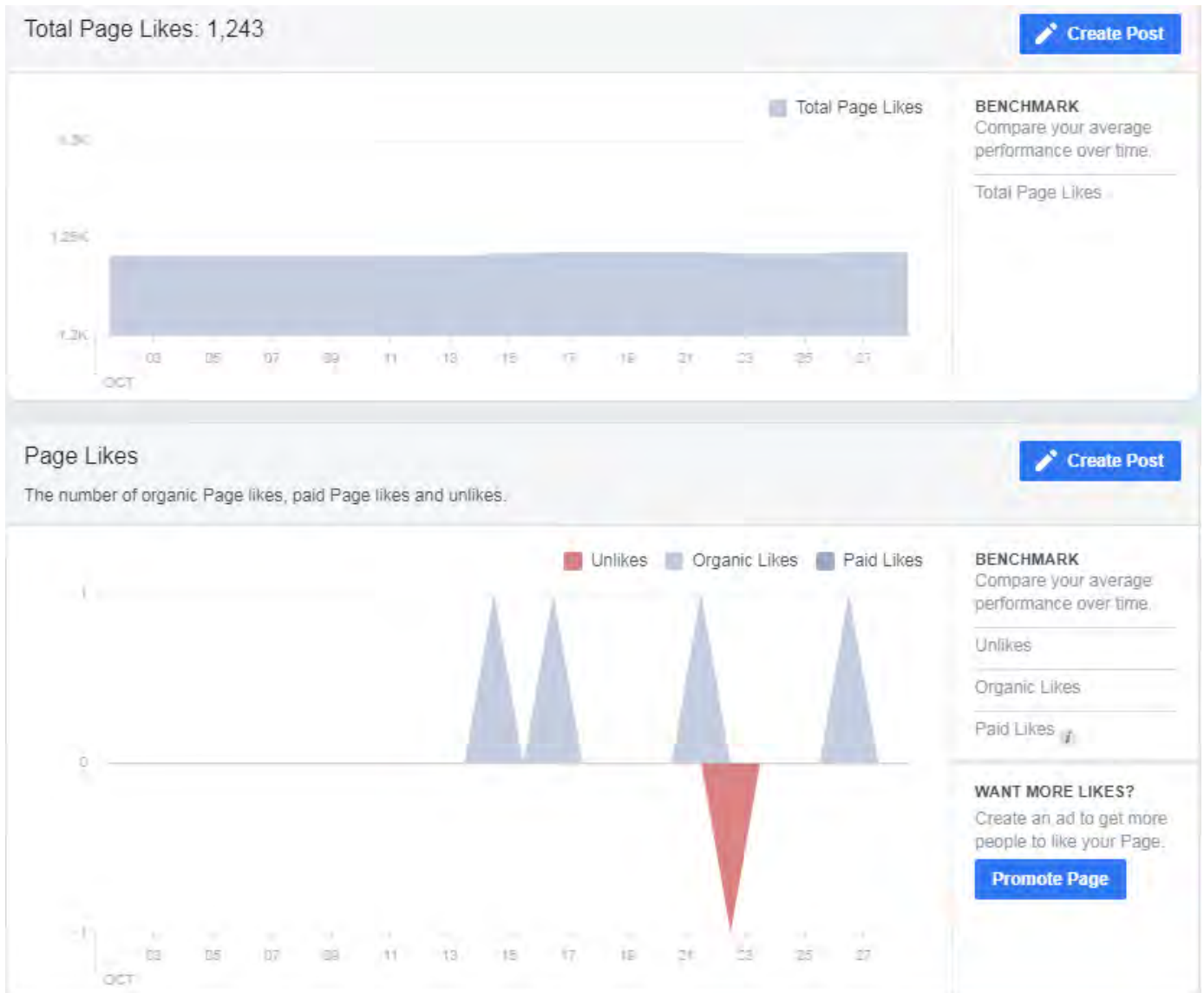
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Page Followers ▲0%



Facebook Analytics, October 2020

Published	Post	Type	Targeting	Reach	Engagement	Promote
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10/27/2020 12:01 PM	 Check out this grass removal webinar and learn the steps involved			844 	103 13 	Boost Post
10/26/2020 12:00 PM	 Don't Forget! TOMORROW is our turf removal webinar. Learn how to			44 	5 1 	Boost Post
10/24/2020 12:00 PM	 It's National Make a Difference Day! You can make a difference by			63 	0 1 	Boost Post
10/23/2020 9:00 AM	 Some DWA employees are lining up for the 2-day virtual Desert AIDS			58 	0 2 	Boost Post
10/22/2020 12:00 PM	 This 16-mile rock-lined canal was built in the late 1800s to deliver			92 	5 8 	Boost Post
10/21/2020 12:00 PM	 Without water there's no morning shower. No brushing your teeth. No			306 	2 11 	Boost Post
10/20/2020 12:00 PM	 During our next webinar at noon on Oct. 27 we will help you transform			50 	0 0 	Boost Post
10/16/2020 11:00 AM	 Want to know why your water looks white when it comes out of the			56 	2 4 	Boost Post
10/15/2020 9:00 AM	 The Great California Shake Out is today! Practice earthquake safety			41 	0 4 	Boost Post
10/14/2020 12:00 PM	 Modernism Week Fall Preview kicks off tomorrow and is going virtual!			267 	15 10 	Boost Post
10/12/2020 2:32 PM	 Fall is a great time for a lawn makeover. Join us at noon on Oct. 27			50 	0 4 	Boost Post
10/11/2020 12:00 PM	 Did you know ... the best time to plant is during the fall when			66 	4 6 	Boost Post
10/08/2020 12:00 PM	 Here is a pipeline being installed near Whitewater. We don't know the			113 	16 10 	Boost Post
10/07/2020 12:00 PM	 It's National Customer Service Week! We work hard to deliver			124 	4 11 	Boost Post
10/06/2020 1:00 PM	 Our new filtration plant near Snow Creek Village is complete!			77 	2 7 	Boost Post
10/03/2020 12:00 PM	 Thanks to all the water pros on our team! Check out these			69 	1 7 	Boost Post
10/02/2020 4:00 PM	 Want the latest from DWA? Our fall newsletter featuring			295 	6 16 	Boost Post
10/01/2020 12:00 PM	 This crew drilled Well 8 at the corner of Alejo Road and			104 	8 11 	Boost Post



Instagram October 2020



107 impressions



122 impressions



194 impressions



141 impressions



184 impressions



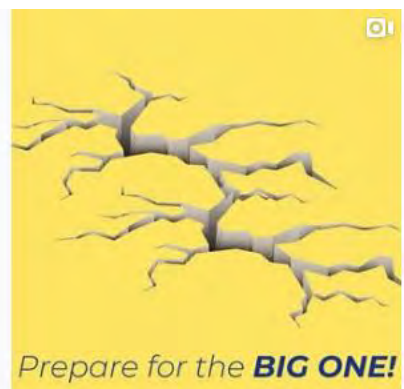
151 impressions




119 impressions



125 impressions



128 impressions



Desert Water Agency
28,101 members [Invite](#)

34% of 61,185 households

144 neighborhoods



✓ **Desert Water Agency**

Outreach & Conservation Manager Ashley Metzger • 20 Oct



Sunrise Alejo HOA - Desert Water Agency construction. Desert Water Agency crews will work on water service line replacements starting 10/26 for approximately two weeks on the following streets: Via Acapulco Seville Cir. Barcelona Cir. Madrid Cir. What to expect: • DWA vehicles and crews in the See more...

Posted to **Subscribers of Desert Water Agency** in **1 neighborhood**

 Like  Comment

25 Impressions



✓ Desert Water Agency

Outreach Specialist Xochitl Pena • 16 Oct



Webinar: Grass be gone - design, remove, transform. If you've been thinking about getting rid of your grassy lawn and replacing it with something more water efficient – we will show you how. Desert Water Agency will host a webinar from noon to 1:30 p.m. on Oct. 27 called "Grass
See more...



Webinar: Grass be gone - design, remove, transform
Desert Water Agency

Going? ▾

Posted to **Subscribers of Desert Water Agency**

♡ Like □ Comment

😊❤ 2 · 1334 Impressions



✓ Desert Water Agency

Outreach & Conservation Manager Ashley Metzger • 14 Oct



Water line replacements - Sunrise Oasis HOA. Our crews plan to replace water service pipelines in the Sunrise Oasis HOA. We will be marking with spray paint in the area starting today. The entire project should be completed in early November. What to expect: • DWA vehicles and crews in
[See more...](#)

Posted to **Subscribers of Desert Water Agency in 1 neighborhood**



Like



Comment

59 Impressions



✓ Desert Water Agency



Outreach & Conservation Manager Ashley Metzger • 14 Oct



Water line replacements - Juanita Drive. Desert Water Agency crews will work on water service line replacements on the Juanita Drive starting the week of October 19 lasting until early November. What to expect: • DWA vehicles and crews in the area 7 a.m. – 4 p.m. on weekdays (not every
[See more...](#)

Posted to **Subscribers of Desert Water Agency in 1 neighborhood**



Like



Comment

30 Impressions

Desert Water Agency Twitter Analytics October 2020



Tweets
2,353

Following
1,543

Followers
1,206

Top Tweet earned 485 impressions

[@ModernismWeek](#) Fall Preview kicks off tomorrow and is going virtual! Check out their Signature Home Tour video series and spy desert friendly gardens and grounds for ideas. Go here for more info: modernismweek.com 🏠👤🔗
[#ModernismWeek](#) [#PalmSprings](#)
pic.twitter.com/SH2N6urL6W



🔗 1 ❤️ 3

[View Tweet activity](#)

[View all Tweet activity](#)

Top Follower followed by 262 people



Max

[@madmaxx64](#) [FOLLOWS YOU](#)

📧📱📺📺 UC Berkeley '14 UC Irvine '18 ΑΣΦ Nu 990

Top mention earned 5 engagements

 **SyntheticTurfCouncil**
[@SynTurfCouncil](#) · Oct 15

Make your lawn water-efficient! Join Desert Water Agency
[@DWAwater](#) on 10/27 for a webinar with
[@SynTurfCouncil](#) President
[@mrdanielkbond](#) "Grass Be Gone-Design, Remove, Transform" for water-efficient solutions for lawns, like [#syntheticturf](#).
Register here:
us02web.zoom.us/webinar/regist...

🔗 1

[View Tweet](#)

Top media Tweet earned 404 impressions

Thanks to all the water pros on our team! Check out these Behind the Scenes videos of our employees to see them in action:
bit.ly/33iL5bW 🔗
[#CAWaterWeek](#) [#ThankWaterPros](#)
[#EssentialWorkers](#)
pic.twitter.com/RzkmH61mPH



Get your Tweets in front of more people

Promoted Tweets and content open up your reach on Twitter to more people.

[Get started](#)

OCT 2020 SUMMARY

Tweets	Tweet impressions
17	7,117
Profile visits	Mentions
68	4
New followers	
3	

STATE WATER CONTRACTORS MEETING**OCTOBER 15, 2020****I. Legislative Report (Kathy Cole)**

- Due to COVID-19, fewer than 50% of the normal number of bills went to the Governor
- AB 658 streamlines the regulatory process for groundwater recharge projects to take advantage of high-flow opportunities
- Expect a bill to address wildfire risks as a major source of carbon emissions
- Legislative session ended November 30
- Next session convenes December 7

II. Energy Objectives (Jonathan Young)

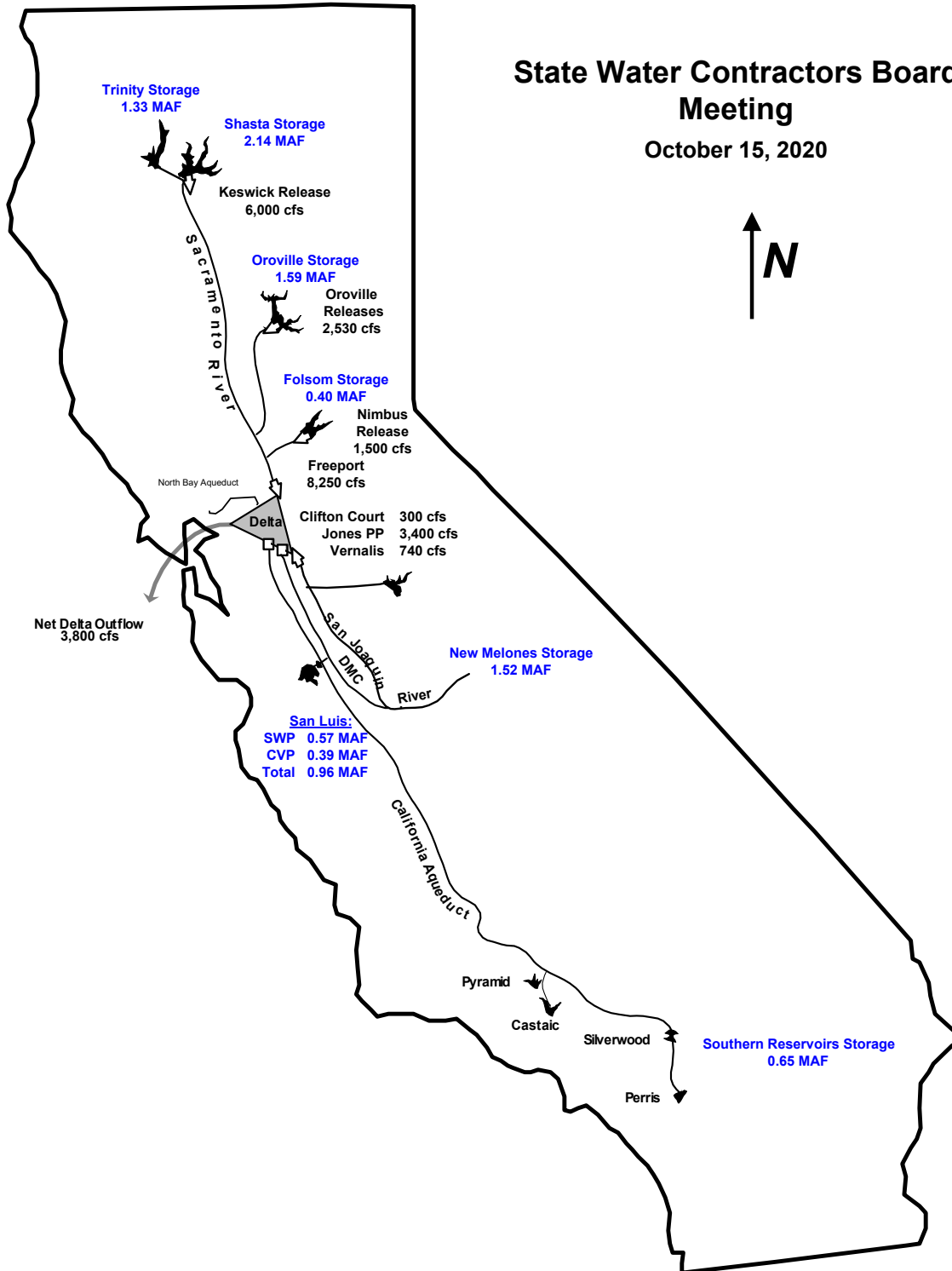
- SB 49 requires DWR to prepare “energy road map”
- Report to Legislature by January 1, 2021
- DWR internal deadline to prepare report by October 21

III. Water Supply Report

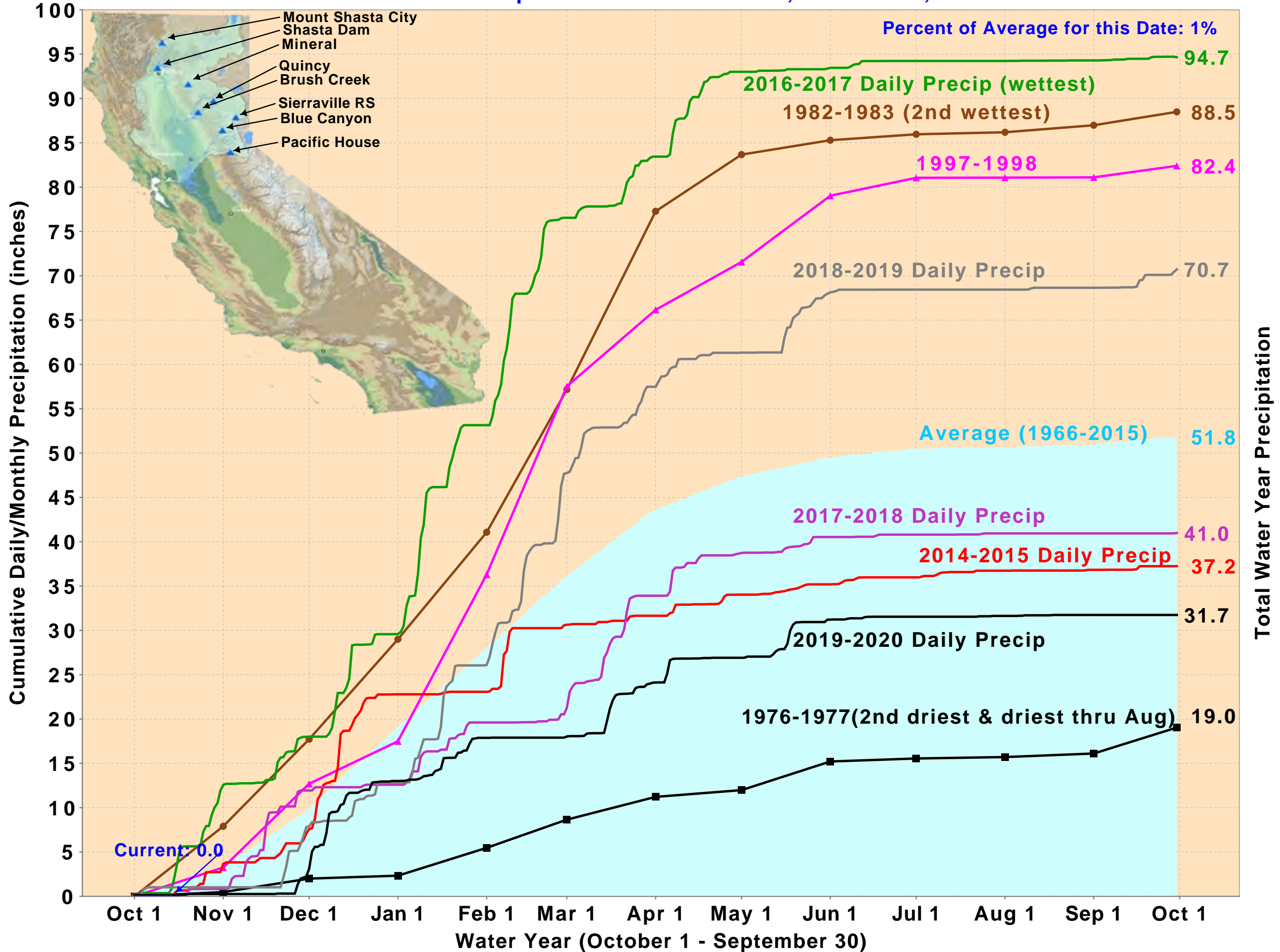
- Water year ended September 30
- Below average conditions for the year
- Long-term forecast: slightly higher temperatures than normal, probably lower precipitation in lower 2/3 of state
- Mild La Nina condition
- Storage at Oroville 74% of historical average
- 730,000 AF of storage in San Luis Reservoir; much of that is carryover water

State Water Contractors Board Meeting

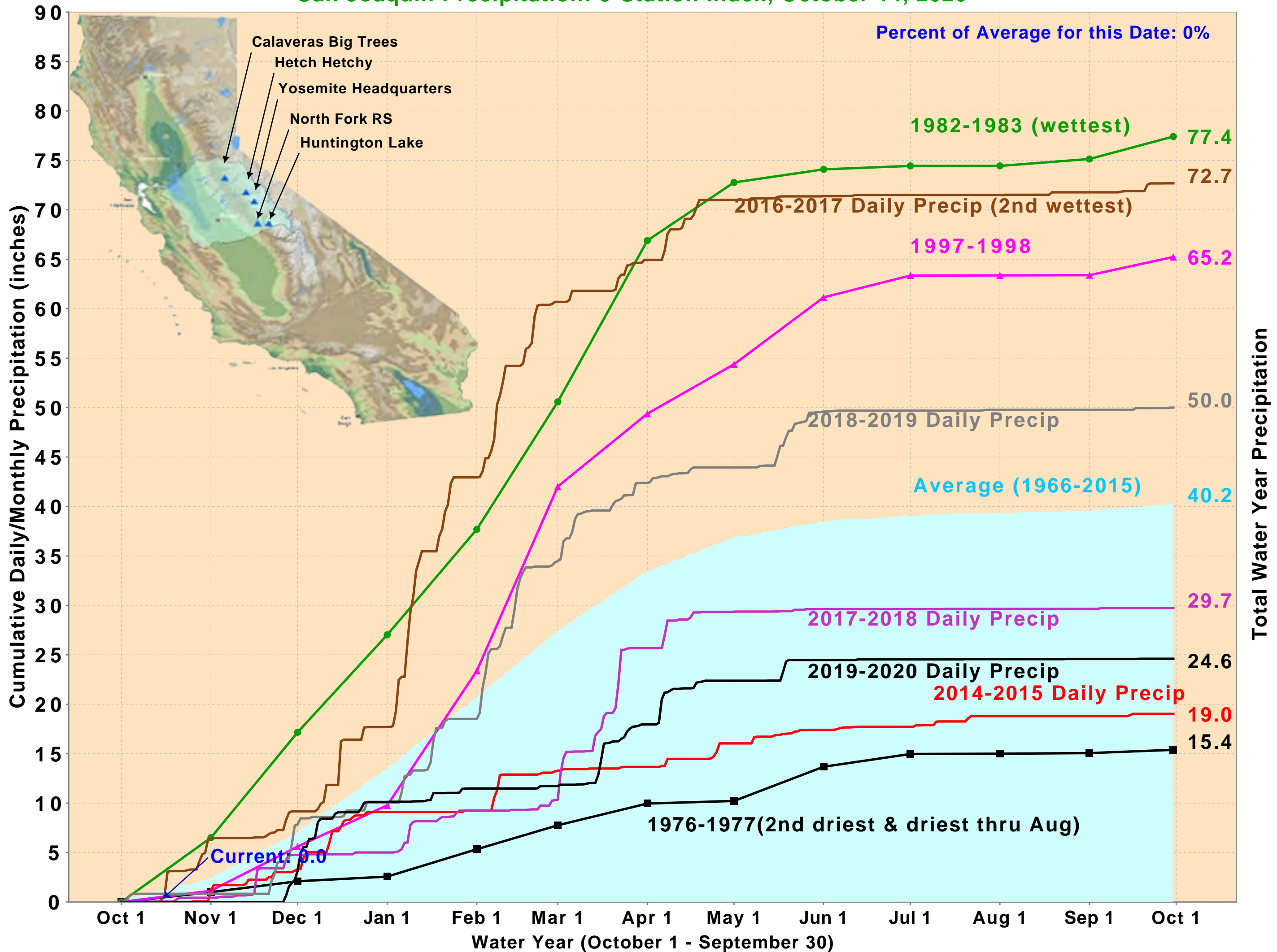
October 15, 2020



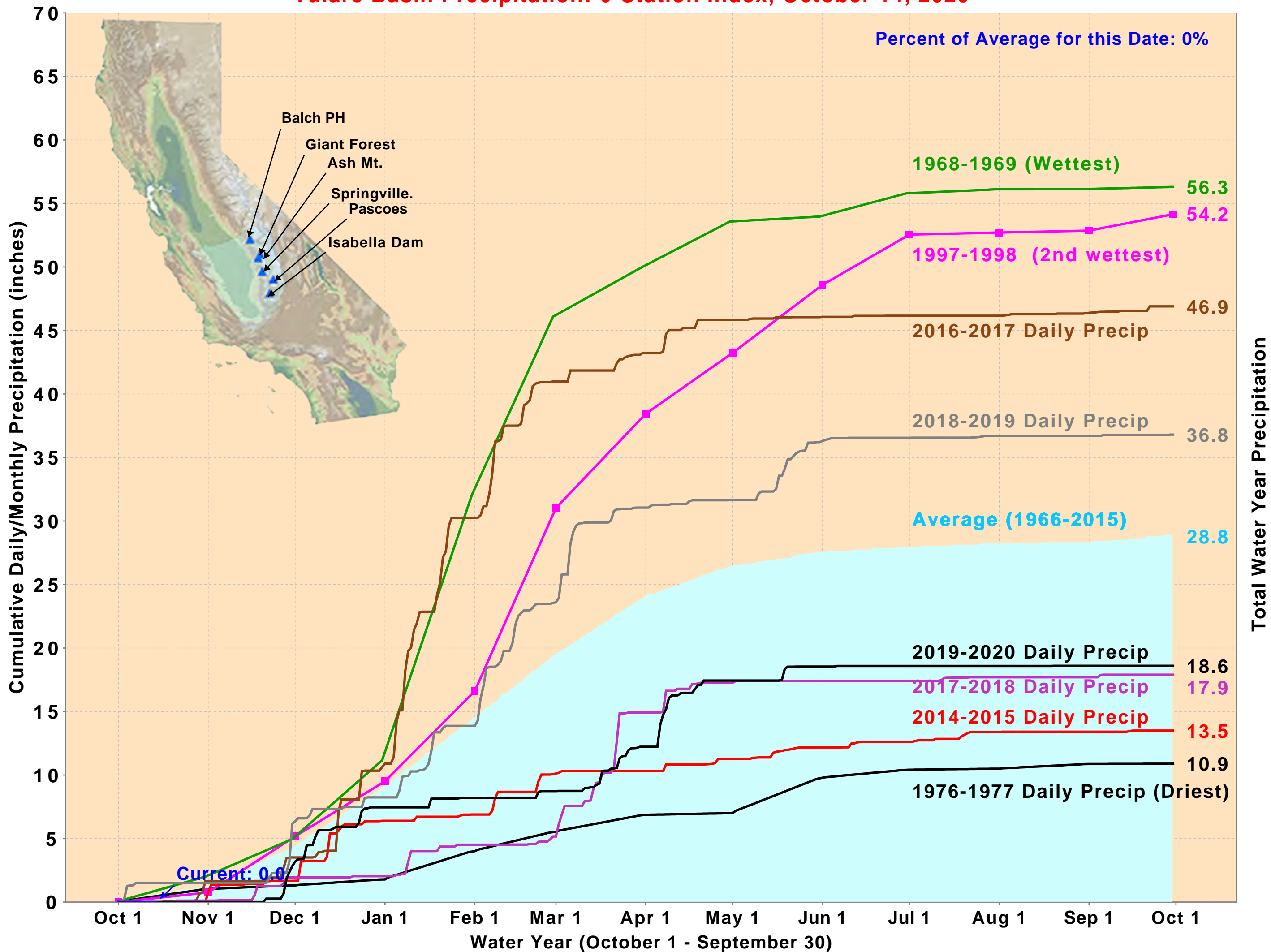
Northern Sierra Precipitation: 8-Station Index, October 14, 2020



San Joaquin Precipitation: 5-Station Index, October 14, 2020



Tulare Basin Precipitation: 6-Station Index, October 14, 2020





Reservoir Conditions

Ending At Midnight - October 13, 2020

CURRENT RESERVOIR CONDITIONS

